

1     EXPEDITE  
2     Hearing is Set  
    Date:  
    Time:  
3    Judge Richard A. Strophy



STATE OF WASHINGTON  
THURSTON COUNTY SUPERIOR COURT

MIKE KREIDLER,  
INSURANCE COMMISSIONER.

Petitioner,

V.

WASHINGTON CASUALTY  
COMPANY.

14 | and

15 NORTHWEST HEALTH INSURANCE  
SERVICES, Inc.

## Consolidated Cases

No. 03-2-02457-8

SECOND REPORT OF  
RECEIVER ON  
CONSOLIDATED  
RECEIVERSHIPS

#### Respondents.

18 Mike Kreidler, Insurance Commissioner of the State of Washington and  
19 Statutory Receiver of Washington Casualty Company in Rehabilitation ("WCC") and  
20 Northwest Health Insurance Services, Inc. in Rehabilitation ("NHIS"), James T.  
21 Odiorne, Deputy Insurance Commissioner and Court-appointed Receiver of WCC and  
22 NHIS, and John B. Woodall, Special Deputy Insurance Commissioner and Court-  
23 appointed Deputy Receiver of WCC and NHIS, by and through their attorneys,  
24 Christine Gregoire, Attorney General, and Christina Gerstung Beusch, Assistant

1 Attorney General, hereby submit the Second Report of Receiver on Consolidated  
2 Receiverships pursuant to RCW 48.31.040(5), and state as follows:

3     1. *Orders of Rehabilitation.* On March 6, 2003, this Court entered an Order of  
4 Rehabilitation and Appointment of Receiver placing WCC into rehabilitation  
5 proceedings pursuant to Chapters 48.31 and 48.99 RCW, and appointing the  
6 Statutory Receiver, Receiver, and Deputy Receiver. Pursuant to RCW  
7 48.31.045, a 90-day stay was imposed on all cases in which WCC, as the insurer,  
8 was obligated to provide a defense. The stay was continued for another 90-day  
9 period by order entered on May 28, 2003.

10     On December 11, 2003, this Court entered an Order of Rehabilitation and  
11 Appointment of Receiver placing NHIS, which is WCC's parent holding  
12 company, into rehabilitation proceedings pursuant to Chapters 48.31 and 48.99  
13 RCW, and appointing the Statutory Receiver, Receiver, and Deputy Receiver.  
14 The two receivership matters were consolidated by Order of this Court.

15     2. *Accounting to the Court.* RCW 48.31.040(5) and the Order of Rehabilitation  
16 require that the Receiver make accountings to the Court not less than semi-  
17 annually. The semi-annual reporting schedule requires a report to be filed in  
18 September and March of each year that the receivership is in existence. The  
19 Order consolidating the receiverships of WCC and NHIS allows for consolidated  
20 reporting.

21     3. *Financial Report.* Attached hereto as Exhibit A is the December 31, 2003,  
22 Annual Statement of WCC, which is filed with the Office of the Insurance  
23 Commissioner by March 1, 2004. As of December 31, 2003, WCC had a capital  
24 and surplus deficit, as calculated under Statutory Accounting Principles  
("SAP")<sup>1</sup>, in the amount of \$8,752,187. The capital and surplus deficit was  
\$8,850,000 as of March 31, 2003, which was the first financial statement issued  
after WCC was placed in receivership. The recent history of the financial  
condition of WCC is as follows.

25     In 2003, WCC made a net income on its business of \$3 million. However, rather  
26 than booking this amount as net income and reducing the deficit, WCC used  
27 estimates from the external actuaries, Tillinghast-Towers Perrin, and added the  
28 \$3 million to the company's loss reserves. This is a conservative approach that

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29     <sup>1</sup> The Insurance Commissioner has adopted regulations promulgating SAP as the  
30 accounting treatment to be used by insurance companies transacting business in  
31 Washington. RCW 48.05.073; WAC 284.07.050.

1 provides a stable fund from which to pay claims and a cushion against possible  
2 future increases in claims.

3 Because cash flow remains strong, and all obligations continue to be paid when  
4 due, cash and invested assets have increased \$3,746,764 as of December 31,  
5 2003, from the level that existed at the inception of the receivership on March 6,  
6 2003.

7 4. *Retention of Policyholders.* During the three and three-fourth months  
8 following the issuance of this Court's Order of Rehabilitation, retention of a core  
9 policyholder base was critical. During that period 64% of Washington Casualty  
10 Company's policies scheduled for renewal were actually renewed. After that  
11 first period, renewals increased significantly. During the July through September  
12 2003 period, 91% of the expiring policies renewed. From the October through  
13 December 2003 period, 90% of the policies renewed. From the January through  
14 March 2004 period, 94% of the policies renewed.

15 In formulating the company's business plan for 2004, it was decided the  
16 company would not only concentrate on preserving its core base, but was now  
17 positioned to actively seek the return of those previous clients who had obtained  
18 malpractice policies from other insurers. In addition, with the withdrawal of  
19 Farmers Insurance Group and Physicians Insurance, a Mutual Company, from the  
20 hospital malpractice market, Washington Casualty Company is soliciting  
21 desirable accounts that were previously insured by those two companies.

22 Following the issuance of the Receivership Order by this Court, the Idaho  
23 Insurance Department suspended Washington Casualty Company's authority to  
24 renew malpractice insurance policies in that state. On November 12, 2003, a  
team from Washington Casualty Company met with the Idaho Insurance  
Commissioner and presented to her a report on the progress made by the  
company since March 2003. After considerable review, the Idaho Insurance  
Commissioner agreed to allow Washington Casualty Company to again solicit  
renewals in Idaho.

25 5. *Operating Expenses.* Efforts to reduce and contain costs have continued since  
26 the inception of the receivership. Due to a reduction in work force, renegotiated  
27 contracts, relocation of the offices, cessation of car allowances, cancellation of  
28 car leases, and other cost saving measures, there was reduction in operating  
29 expenses in 2003 of \$ 1,914,488 as compared to the company's operating  
30 expenses in 2002. There are now 14 employees at WCC, reduced from 20 at the  
31 time the receivership was established.

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ASO-GCE DIVISION

1       6. *Administration of Claims.* In March 2003, Washington Casualty Company  
2 had 432 open claims. As of August 1, 2003, it had 367 open claims. As of  
3 December 29, 2003, it had 343 open claims. As of March 11, 2004, it had 309  
open claims.

4       7. *Issues with Holding Company.* In its August 21, 2003 First Report to this  
5 Court, information was presented pertaining to Northwest Healthcare Insurance  
6 Services (NHIS). NHIS is a non-profit mutual corporation. It was organized by  
7 its hospital members for the purpose of insuring against liability claims. The  
8 only business conducted by NHIS is the insurance business conducted by its  
subsidiary, Washington Casualty Company, and the only income of NHIS is  
derived from Washington Casualty Company. NHIS owns 100% of the capital  
stock of Washington Casualty Company.

The stand-alone financial condition of NHIS shows a deficit of \$652,137, which is added to the WCC deficit in the consolidated financial statement of the two companies. Currently, NHIS has no source of income and no assets independent of WCC. In addition, NHIS owes WCC \$1,276,708 for past inter-company transactions. At the present time, prospects for a successful rehabilitation of NHIS appear questionable.

13       8. *Continued Prospects for Rehabilitation.* During the past twelve months,  
14       considerable progress in the rehabilitation of Washington Casualty Company has  
15       been made. The company's financial statement is considered to reflect  
16       accurately the true condition of the Washington Casualty Company. The number  
17       of policyholders has been stabilized and efforts are underway to increase that  
       number. The number of outstanding claims has been steadily reduced. The  
       investment portfolio has been restructured to recognize what is the appropriate  
       policy for a medical malpractice insurance company in the current times.

DATED this 31st day of March, 2004.

John B. Woodall  
JOHN WOODALL, Special Deputy  
Insurance Commissioner and  
Deputy Receiver for  
Washington Casualty Company and  
Northwest Health Insurance Services,  
Inc.

# **ANNUAL STATEMENT**

Including Index and Supplements

**OF THE**

## **Washington Casualty Company In Rehabilitation**

Of

**Issaquah**

**in the state of WA**

**to the Insurance Department**

**of the State of**

For the Year Ended  
December 31, 2003

**2003**

**EXHIBIT A**

## INDEX TO THE PROPERTY & CASUALTY ANNUAL STATEMENT

Accident and Health Exhibit (SCH H)	48	Options, Caps and Floors Written (SCH DB, PT B)	E17
Aggregate Statement and Fair Values of Bonds and Preferred Stock (SCH DM)	E23	Organization Chart (SCH Y, PT 1)	111
Analysis of Losses and Loss Expenses (SCH P)	51	Other Long-Term Invested Assets (SCH BA)	E06
Analysis of Nonadmitted Assets and Related Items (EX 1)	13	Overflow Page for Write-Ins	114
Assets (Admitted)	2	Portfolio Reinsurance (SCH F, PT2)	41
Assumed Reinsurance (SCH F, PT 1)	40	Preferred Stock (SCH D, PT 2, SN 1)	E09
Bonds (SCH D, PT 1)	E08	Preferred Stock, Aggregate Statement and Fair Values (SCH DM)	E23
Bonds – Aggregate Statement and Fair Values (SCH DM)	E23	Premiums Earned (PT 1)	6
Bonds – Quality and Maturity Distribution of All Bonds at Book/Adjusted Carrying Values and by Major Type of Issues and NAIC Designations (SCH D, PT 1A, SN 1)	29	Premiums Written (PT 1B)	8
Bonds – Maturity Distribution of All Bonds at Book/Adjusted Carrying Values by Major Type And Subtype of Issues (SCH D, PT 1A, SN2)	32	Real Estate (SCH A)	E01
Capital and Surplus Account	4	Recapitulation of All Premiums (Unearned Premiums) (PT 1A)	7
Cash (SCH E, PT 1)	E24	Reinsurance (SCH F)	40
Cash Flow	5	Replicated (Synthetic) Assets (SCH DB, PT F)	38
Ceded Reinsurance (SCH F, PT 3)	42	Schedule E – Part 2 – Special Deposits	E25
Collar, Swap and Forward (SCH DB, PT C)	E19	Schedule P Interrogatories	109
Common Stock (SCH D, PT 2, SN 2)	E10	Schedules:	
Counterparty Exposure from Derivative Instruments (SCH DB, PT E)	E22	A - Real Estate	E01
Detailed Information of Losses and Loss Expenses (SCH P, PT 1)	51	B - Mortgage Loans	E04
Exhibit of Capital Gains (Losses)	12	BA - Other Long-Term Invested Assets	E06
Exhibit of Net Investment Income	12	D - Bonds and Stocks	E08
Exhibit of Premiums and Losses – Business in the State of (Separate Page for Each State)	26	DA - Short-term Investments	E15
Exhibit of Premiums Written (Allocated by State) (SCH T)	110	DB - Derivative Instruments	E16
Exhibit 1 – Analysis of Nonadmitted Assets and Related Items Expenses (PT 3)	13	DM - Aggregate Statement & Fair Values of Bonds and Preferred Stock	E23
Futures Contracts (SCH DB, PT D)	E20	E - Part 1 – Cash	E24
Five-Year Historical Data	24	- Part 2 – Cash Equivalents	E25
General Interrogatories – Part 1	16	- Part 3 – Special Deposits	E26
General Interrogatories – Part 2	21	F - Reinsurance	40
History of Bulk and Incurred But Not Reported Reserves (SCH P, PT 4)	52	H - Accident and Health Exhibit	48
History of Claims (Direct and Assumed): Closed with Loss Payments, Outstanding and Reported (SCH P, PT 5)	89	I - Information Concerning Activities of Insurer Members of Holding Company Group	111
History of Incurred Losses and Defense and Cost Containment Expenses (SCH P, PT 2)	52	T - Exhibit of Premiums Written Allocated by States and Territories	110
History of Loss Sensitive Contracts (SCH P, PT 7)	105	Short-Term Investments (SCH DA)	E15
History of Paid Loss and Defense and Cost Containment Expense Payments (SCH P, PT 3)	79	Special Deposits (SCH E, PT 3)	E26
History of Premiums Earned: Direct and Assumed, and Ceded (SCH P, PT 6)	100	State Page	26
Holding Company Activities of Insurer Members (SCH Y)	112	Statement of Income	4
Liabilities, Surplus and Other Funds	3	Summary Investment Schedule	15
Losses Paid and Incurred (PT 2)	9	Supplemental Exhibits and Schedules Interrogatories	113
Mortgage Loans (SCH B)	E04	Title Page and Jurat	1
Notes to Financial Statements	14	Transactions with Any Affiliates (SCH Y, PT 2)	112
Options, Caps and Floors Owned (SCH DB, PT A)	E16	Unpaid Losses and Loss Adjustment Expenses (PT 2A)	10
		Verifications:	
		Schedule A, B, BA	27
		Schedule D – Summary	28
		Schedule DA – Part 2	35
		Schedule DB – Parts A and B	36
		Schedule DB – Parts C, D and E	37



Annual Statement for the year 2000 of the  
Washington Casualty Company In Rehabilitation

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	16,126,367		16,126,367	13,920,524
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	2,505,665		2,505,665	2,932,535
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....562,718, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....6,508,651, Sch. DA).....	7,071,269		7,071,269	8,522,371
6. Contract loans (including \$.....0 premium notes).....			0	
7. Other invested assets (Schedule BA).....			0	751,068
8. Receivable for securities.....			0	
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	25,703,301	0	25,703,301	26,126,515
11. Investment income due and accrued.....	173,163		173,163	151,881
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in course of collection.....	95,789		95,789	(271,830)
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	1,976,514		1,976,514	5,577,063
12.3 Accrued retrospective premiums.....			0	
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers.....	1,125,301		1,125,301	4,743,922
13.2 Funds held by or deposited with reinsurance companies.....			0	
13.3 Other amounts receivable under reinsurance contracts.....	131,665		131,665	
14. Amounts receivable relating to uninsured plans.....			0	
15.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
15.2 Net deferred tax asset.....			0	429,804
16. Guaranty funds receivable or on deposit.....			0	
17. Electronic data processing equipment and software.....			0	
18. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
19. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
20. Receivable from parent, subsidiaries and affiliates.....	1,276,708	1,276,708	0	296,454
21. Health care (\$.....0) and other amounts receivable.....			0	
22. Other assets nonadmitted.....			0	
23. Aggregate write-ins for other than invested assets.....	269,377	269,377	0	1,568
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	30,801,618	1,546,085	29,255,733	37,055,310
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	30,801,618	1,546,085	29,255,733	37,055,310

**DETAILS OF WRITE-INS**

0901.....			0	
0902.....			0	
0903.....			0	
0908. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0909. Totals (Lines 0901 thru 0903 plus 0908) (Line 9 above).....	0	0	0	0
2301. Funds held in trust.....			0	1,568
2302. Accounts Receivable.....	264,376	264,376	0	
2303. Prepaid expenses.....	5,001	5,001	0	
2308. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308) (Line 23 above).....	269,377	269,377	0	1,568

**Washington Casualty Company In Rehabilitation**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	25,922,439	27,303,828
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 8)		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	8,968,130	11,468,037
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	238,357	200,305
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		54,949
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 414,740 and including warranty reserves of \$ 0)	1,827,052	1,059,311
10. Advance premiums	5	545
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		(1,696,181)
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	13,373	1,792
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Payable for securities		
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ 0 and interest thereon \$ 0	48,555	48,555
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	38,007,920	41,051,701
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	38,007,920	41,051,701
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	3,000,000	3,000,000
29. Preferred capital stock	0	0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes	11,821,710	9,266,859
32. Gross paid in and contributed surplus		
33. Unassigned funds (surplus)	(2,373,906)	(16,263,050)
34. Less treasury stock, at cost:		
34.1 0,000 shares common (value included in Line 28 \$ 0)		
34.2 0,000 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	(8,752,187)	(3,896,391)
36. TOTALS (Page 2, Line 26, Col. 3)	29,255,733	37,055,310

**DETAILS OF WRITE-INS**

2301. Retro reinsurance premium	48,555	48,555
2302. Other deposits		
2303.		
2304. Summary of remaining write-ins for Line 23 from overflow page	0	0
2305. Totals (Lines 2301 thru 2303 plus 2304) (Line 23 above)	48,555	48,555
2701.		
2702.		
2703.		
2704. Summary of remaining write-ins for Line 27 from overflow page	0	0
2705. Totals (Lines 2701 thru 2703 plus 2704) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3004. Summary of remaining write-ins for Line 30 from overflow page	0	0
3005. Totals (Lines 3001 thru 3003 plus 3004) (Line 30 above)	0	0

Annual Statement for the year 2001 of the Washington Casualty Company In Rehabilitation  
**UNDERWRITING AND INVESTMENT EXHIBIT**

	<b>STATEMENT OF INCOME</b>	
	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 34, Column 4).	8,395,554	16,841,698
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).	8,715,384	17,769,415
3. Loss expenses incurred (Part 3, Line 25, Column 1).	2,400,568	7,358,382
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).	4,008,955	5,921,443
5. Aggregate write-ins for underwriting deductions.	0	0
6. Total underwriting deductions (Lines 2 through 5).	15,123,907	31,049,240
7. Net income of protected cells.		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).	(8,727,353)	(14,207,547)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).	449,399	844,661
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)).	(782,910)	30,568
11. Net investment gain (loss) (Lines 9 + 10).	(333,511)	875,259
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ _____ amount charged off \$ _____ 0).	0	0
13. Finance and service charges not included in premiums.		
14. Aggregate write-ins for miscellaneous income.	20,664	0
15. Total other income (Lines 12 through 14).	20,664	0
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).	(7,040,200)	(13,332,283)
17. Dividends to policyholders.		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).	(7,040,200)	(13,332,283)
19. Federal and foreign income taxes incurred.		
20. Net income (Line 16 minus Line 19) (to Line 22).	(7,040,200)	(13,202,718)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2).	(3,990,394)	8,611,140
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20).	(7,040,200)	(13,202,718)
23. Change in net unrealized capital gains or (losses).	1,794,325	(650,224)
24. Change in net unrealized foreign exchange capital gain (loss).		
25. Change in net deferred income tax.	(429,805)	(745,462)
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3).	(1,423,593)	(20,056)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).	(11,581)	18,208
28. Change in surplus notes.		
29. Surplus (contributed to) withdrawn from protected cells.		
30. Cumulative effect of changes in accounting principles.		
31. Capital changes:		
31.1 Paid in.		
31.2 Transferred from surplus (Stock Dividend).		
31.3 Transferred to surplus.		
32. Surplus adjustments:		
32.1 Paid in.	2,355,060	1,620,882
32.2 Transferred to capital (Stock Dividend).		
32.3. Transferred from capital.		
33. Net remittances from or (to) Home Office.		
34. Dividends to stockholders.		
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1).		
36. Aggregate write-ins for gains and losses in surplus.	0	274,057
37. Change in surplus as regards policyholders for the year (Lines 22 through 36).	(4,755,794)	(12,627,533)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35).	(8,752,188)	(3,990,394)

DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).	0	0
1401. Lines 23 and 29 from 2000 Annual Statement.		
1402. Other income.	20,664	
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).	20,664	0
3601. Lines 23 and 29 from 2000 Annual Statement.		
3602. Required adjustment for market adjustment of grade 3 bond.		274,057
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page.	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above).	0	274,057

**Washington Casualty Company In Rehabilitation**  
**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	11,310,511	16,563,844
2. Net investment income.....	251,509	930,355
3. Miscellaneous income.....	20,564	
4. Total (Lines 1 through 3).....	11,582,684	17,494,212
5. Benefit and loss related payments.....	5,479,132	21,589,602
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	8,844,308	8,212,117
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) \$.....0 net tax on capital gains (losses).....		(129,525)
10. Total (Lines 5 through 9).....	14,423,440	27,582,184
11. Net cash from operations (Line 4 minus Line 10).....	(2,540,756)	(10,107,982)
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	8,146,822	7,091,292
12.2 Stocks.....	1,773,404	401,278
12.3 Mortgage loans.....		506,477
12.4 Real estate.....		
12.5 Other invested assets.....	198,985	187,582
12.6 Net gains or (losses) on cash and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	10,119,211	8,186,609
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	10,422,523	9,731,542
13.2 Stocks.....	424,508	255,733
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	10,847,038	9,987,275
14. Net increase (decrease) in policy loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	(727,825)	(1,800,666)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....	2,355,060	1,820,659
16.3 Borrowed funds received.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(207,581)	(1,801,975)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	2,117,478	(181,316)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17).....	(1,451,102)	(12,169,964)
19. Cash and short-term investments:		
19.1 Beginning of year.....	8,522,372	20,692,336
19.2 End of year (Line 18 plus Line 19.1).....	7,071,270	8,522,372

Annual Statement for the year 2003 of the Washington Casualty Company In Rehabilitation  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				0
2. Allied lines.....				0
3. Farmowners multiple peril.....				0
4. Homeowners multiple peril.....				0
5. Commercial multiple peril.....				0
6. Mortgage guaranty.....				0
8. Ocean marine.....				0
9. Inland marine.....				0
10. Financial guaranty.....				0
11.1 Medical malpractice - occurrence.....	803,602	194,325		597,827
11.2 Medical malpractice - claims-made.....	4,610,848	2,710,336	1,419,323	5,901,881
12. Earthquake.....				0
13. Group accident and health.....				0
14. Credit accident and health (group and individual).....				0
15. Other accident and health.....				0
16. Workers' compensation.....				0
17.1 Other liability - occurrence.....				0
17.2 Other liability - claims-made.....	1,149,346	755,250	407,729	1,496,867
18.1 Products liability - occurrence.....				0
18.2 Products liability - claims-made.....				0
19.1, 19.2 Private passenger auto liability.....				0
19.3, 19.4 Commercial auto liability.....				0
21. Auto physical damage.....				0
22. Aircraft (all perils).....				0
23. Fidelity.....				0
24. Surety.....				0
26. Burglary and theft.....				0
27. Boiler and machinery.....				0
28. Credit.....				0
29. International.....				0
30. Reinsurance - nonproportional assumed property.....				0
31. Reinsurance - nonproportional assumed liability.....				0
32. Reinsurance - nonproportional assumed financial lines.....				0
33. Aggregate write-ins for other lines of business.....	0	0	0	0
34. TOTALS.....	6,563,796	3,659,811	1,827,052	8,196,555

**DETAILS OF WRITE-INS**

3301.....				0
3302.....				0
3303.....				0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0

**Washington Casualty Company In Rehabilitation**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1A - RECAPITULATION OF ALL PREMIUMS**

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience, viz:

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....					0
2. Auto lines.....					0
3. Farmers multiple peril.....					0
4. Homeowners multiple peril.....					0
5. Commercial multiple peril.....					0
6. Mortgage guaranty.....					0
7. Ocean marine.....					0
8. Inland marine.....					0
10. Financial guaranty.....					0
11.1 Medical malpractice - occurrence.....					0
11.2 Medical malpractice - claims-made.....	1,419,323				1,419,323
12. Earthquake.....					0
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....					0
17.1 Other liability - occurrence.....					0
17.2 Other liability - claims-made.....	407,729				407,729
18.1 Products liability - occurrence.....					0
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....					0
19.3, 19.4 Commercial auto liability.....					0
21. Auto physical damage.....					0
22. Aircraft (all perils).....					0
23. Fidelity.....					0
24. Surety.....					0
26. Burglary and theft.....					0
27. Boiler and machinery.....					0
28. Credit.....					0
29. International.....					0
30. Reinsurance - nonproportional assumed property.....					0
31. Reinsurance - nonproportional assumed liability.....					0
32. Reinsurance - nonproportional assumed financial lines.....					0
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0
34. TOTALS.....	1,827,052	0	0	0	1,827,052
35. Accrued retrospective premiums based on experience.....					
36. Earned but unbilled premiums.....					
37. Balance (sum of Lines 34 through 36).....					1,827,052

**DETAILS OF WRITE-INS**

3301.....					0
3302.....					0
3303.....					0
3308. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0
3309. Totals (Lines 3301 thru 3310 plus 3308) (Line 33 above).....	0	0	0	0	0

- (a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force. Are they so returned in this statement? Yes [ X ] No [ ]  
 (b) State here basis of computation used in each case:

Annual Statement for the year 2003 of the  
**Washington Casualty Company In Rehabilitation**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1B - PREMIUMS WRITTEN**

Gross Premiums (Less Return Premiums), Including Policy and Membership Fees Written and Renewed During Year

Line of Business	Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						0
2. Allied lines.....						0
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....						0
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....						0
9. Inland marine.....						0
10. Financial guaranty.....						0
11.1 Medical malpractice - occurrence.....	775,282				(28,320)	803,602
11.2 Medical malpractice - claims-made.....	7,342,867				2,731,519	4,610,848
12. Earthquake.....						0
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....						0
17.1 Other liability - occurrence.....						0
17.2 Other liability - claims-made.....	1,768,525				619,179	1,149,346
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....						0
19.3, 19.4 Commercial auto liability.....						0
21. Auto physical damage.....						0
22. Aircraft (all parts).....						0
23. Fidelity.....						0
24. Surety.....						0
26. Burglary and theft.....						0
27. Boiler and machinery.....						0
28. Credit.....						0
29. International.....						0
30. Reinsurance - nonproportional assumed property.....	XXX					0
31. Reinsurance - nonproportional assumed liability.....	XXX					0
32. Reinsurance - nonproportional assumed financial lines.....	XXX					0
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
34. TOTALS.....	9,886,474	0	0	0	3,322,678	6,563,796

**DETAILS OF WRITE-INS**

3301.....						0
3302.....						0
3303.....						0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [X]

If yes: 1. The amount of such installment premiums \$.....0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

Washington Casualty Company in Rehabilitation

**UNDERWRITING AND INVESTMENT EXHIBIT**

## PART 2 - LOSSES PAID AND INCURRED

**UNDERWRITING AND INVESTMENT EXHIBIT**

(a) Including \$..... for present value of life indemnity claims.

Annual Statement for the year 2003 of the Washington Casualty Company In Rehabilitation  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	2,175,465			2,175,465
1.2 Reinsurance assumed.....				0
1.3 Reinsurance ceded.....	937,487			937,487
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	1,237,978	0	0	1,237,978
2. Commission and brokerage:				
2.1 Direct excluding contingent.....		704,568		704,568
2.2 Reinsurance assumed excluding contingent.....				0
2.3 Reinsurance ceded excluding contingent.....		166,682		166,682
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	537,906	0	537,906
3. Allowances to managers and agents.....	2,236	6,670		8,906
4. Advertising.....	2,021	6,029		8,050
5. Boards, bureaus and associations.....				
6. Surveys and underwriting reports.....				0
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	448,973	1,333,668	80,717	1,868,358
8.2 Payroll taxes.....	34,649	101,396		138,035
8.3 Employee relations and welfare.....	70,072	209,084		279,156
8.4 Insurance.....	85,225	254,299		339,524
8.5 Directors' fees.....	6,068	18,107	1,543	25,718
8.6 Travel and travel items.....	19,132	57,086		76,218
8.7 Rent and rent items.....	49,940	140,013		189,953
8.8 Equipment.....	12,579	37,834		50,513
8.9 Cost or depreciation of EDP equipment and software.....	97,043	289,583		386,606
8.10 Printing and stationery.....	7,780	23,218		30,998
8.11 Postage, telephone and telegraph, exchange and express.....	12,978	38,717		51,693
8.12 Legal and auditing.....	136,741	405,031	72,580	513,352
8.13 Totals (Lines 3 to 18).....	984,535	2,937,701	143,840	4,066,076
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducted guarantee association credits of \$.....0.....	13,852	41,331		55,183
20.2 Insurance department licenses and fees.....	17,383	51,807		69,170
20.3 Gross guaranty association assessments.....	10,022	29,905		39,927
20.4 All other (excluding federal and foreign income and real estate).....	689	2,553		3,542
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	42,126	125,696	0	157,822
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured accident and health plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	135,949	405,649	0	541,598
25. Total expenses incurred.....	2,400,585	4,006,952	143,840	6,551,380
26. Less unpaid expenses - current year.....	8,958,139	233,767		9,191,906
27. Add unpaid expenses - prior year.....	11,459,045	265,792		11,724,337
28. Amounts receivable relating to uninsured accident and health plans, prior year.....				0
29. Amounts receivable relating to uninsured accident and health plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	4,901,494	4,038,477	143,840	9,083,811

**DETAILS OF WRITE-INS**

2401. Contributions.....	2,216	6,618		8,836
2402. Outside services.....	129,304	386,002		515,306
2403. Misc.....	4,367	13,029		17,396
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	135,949	405,649	0	541,598

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

**Washington Casualty Company In Rehabilitation**  
**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....	.....
1.1 Bonds exempt from U.S. tax.....	(a).....	126,706
1.2 Other bonds (unaffiliated).....	(a).....	24,217
1.3 Bonds of affiliates.....	(a).....	294,460
2. Preferred stocks (unaffiliated).....	(b).....	.....
2.1 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	(b).....	30,713
2.21 Common stocks of affiliates.....	(b).....	30,713
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	(e).....	.....
6. Cash/short-term investments.....	(e).....	97,460
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	(g).....	19,592
9. Aggregate write-ins for investment income.....	(h).....	19,592
10. Total gross investment income.....	(i).....	0
	540,425	593,239
11. Investment expenses.....	(j).....	143,840
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(k).....	.....
13. Interest expense.....	(l).....	.....
14. Depreciation on real estate and other invested assets.....	(m).....	0
15. Aggregate write-ins for deductions from investment income.....	(n).....	0
16. Total deductions (Lines 11 through 15).....	(o).....	143,840
17. Net investment income (Line 10 minus Line 16).....	(p).....	449,399

**DETAILS OF WRITE-INS**

0901.....			
0902.....			
0903.....			
0998. Summary of remaining write-ins for Line 9 from overflow page.....			
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0
1501.....			
1502.....			
1503.....			
1598. Summary of remaining write-ins for Line 15 from overflow page.....			
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	0	0	0

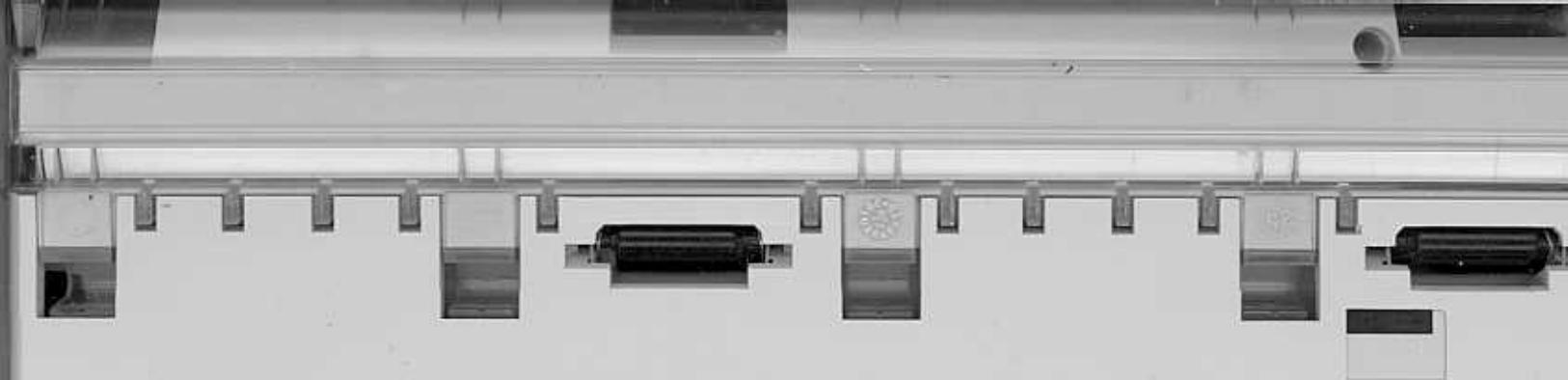
- (a) Includes \$.....8,880 accrual of discount less \$.....(167,849) amortization of premium and less \$.....96,314 paid for accrued interest on purchases.  
 (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.  
 (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
 (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.  
 (e) Includes \$.....11,537 accrual of discount less \$.....(54,833) amortization of premium and less \$.....62,293 paid for accrued interest on purchases.  
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.  
 (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.  
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.  
 (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. government bonds.....	28				28
1.1 Bonds exempt from U.S. tax.....	11,000				11,000
1.2 Other bonds (unaffiliated).....	78,398				78,398
1.3 Bonds of affiliates.....					0
2. Preferred stocks (unaffiliated).....					0
2.1 Preferred stocks of affiliates.....					0
2.2 Common stocks (unaffiliated).....	(8,111)	(864,226)	1,784,363		922,026
2.21 Common stocks of affiliates.....					0
3. Mortgage loans.....					0
4. Real estate.....					0
5. Contract loans.....					0
6. Cash/short-term investments.....					0
7. Derivative instruments.....					0
8. Other invested assets.....					0
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	81,315	(864,226)	1,784,363	0	1,011,452

**DETAILS OF WRITE-INS**

0901.....					0
0902.....					0
0903.....					0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0	0



## EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 12 through 20, Column 2.....	1,226,706	8,862	(1,267,746)
2. Other Nonadmitted Assets:			
2.1 Bills receivable.....			0
2.2 Leashold improvements.....			0
2.3 Loans on personal security, endorsed or not.....			0
3. Total (Lines 2.1 to 2.3).....	0	0	0
4. Aggregate write-ins for other assets.....	269,377	113,530	(155,847)
5. Total (Line 1 plus Lines 3 and 4).....	1,546,085	122,492	(1,423,593)

## DETAILS OF WRITE-INS

0401. Line 5 from 2000 Annual Statement.....			0
0402. Prepaid Insurance.....	5,001	113,530	108,529
0403. Accounts Receivable.....	264,376		(264,376)
0496. Summary of remaining write-ins for Line 4 from overflow page.....	0	0	0
0498. Totals (Lines 0401 thru 0403 plus 0496) (Line 4 above).....	269,377	113,530	(155,847)

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

A. The accompanying financial statements of Washington Casualty Company In Rehabilitation (the "Company") have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners and the State of Washington. There are no exceptions.

#### B. Use of Estimates in the Preparation of the Financial Statements:

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by the daily pro rata method for direct business and are computed for ceded premiums based on underlying related direct unearned premium.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest and dividends less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized when received. Net realized capital gains and losses are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost using the interest method.
2. Investment grade bonds not backed by other loans are stated at amortized cost using the interest method.
3. Common stocks are stated at market value as established by the NAIC Securities Valuation Office.
4. Preferred stocks are stated at cost. The Company currently has no preferred stock investments.
5. Mortgage loans on real estate are stated at the aggregate carrying value. The Company currently has no mortgage loans on real estate.
6. Investment grade loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
7. There are no investments in subsidiaries or controlled or affiliated companies.
8. There are no joint ventures, partnerships or limited liability companies.
9. There are no derivatives.
10. The Company does not use anticipated investment income as a factor in the premium deficiency calculation.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods used to make such estimates, and for establishing the resulting liability, are continually reviewed and any adjustments are reflected in the period determined.

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## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – ACCOUNTING CHANGES AND CORRECTION OF ERRORS

#### A. Accounting Changes Other than Codification and Correction of Errors.

Not Applicable.

#### B. Accounting Changes as a Result of the Initial Implementation of Codification January 1, 2001

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Washington (the "State"). The State requires insurance companies domiciled in the State of Washington to prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures Manual, subject to any deviations prescribed or permitted by the Commissioner of Insurance. Many changes were made to this manual effective January 1, 2001, as a result of the NAIC "Codification Project".

Accounting changes adopted to conform to the provisions of the new NAIC Accounting Practices and Procedures Manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of policyholders' surplus at the beginning of the year and the amount of policyholders' surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a cumulative effect of changes in accounting principles that increased unassigned funds by \$1,058,892 as of January 1, 2001. Included in this adjustment was an increase in unassigned funds of \$1,058,892 for the recording of net admitted deferred tax assets.

### NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL

Not Applicable

### NOTE 4 – DISCONTINUED OPERATIONS

Not Applicable

### NOTE 5 – INVESTMENTS

#### A. Mortgage Loans, including Mezzanine Real Estate Loans. – Not applicable.

#### B. Troubled Debt Restructuring for Creditors. – Not applicable.

#### C. Reverse Mortgages – Not applicable.

#### D. Loan-Backed Securities:

1. The Company uses the acquisition date for applying the retrospective adjustment method.
  2. Prepayment assumptions for single class mortgage-backed and multi-class mortgage-backed/asset-backed securities were obtained from the Company's investment trust company. These assumptions are consistent with the current interest rate and economic environment.
  3. The Company uses fair value provided by the broker.
  4. Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method.
- E. Repurchase Agreements – Not applicable.  
F. Real Estate Impairments and Retail Land Sales – Not applicable.

### NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

Not applicable.

### NOTE 7 – INVESTMENT INCOME

#### A. Accrued Investment Income – The Company does not record investment income due and accrued if amounts are over 90 days past due. There are no amounts past due.

#### B. Amounts not admitted – Not Applicable.

### NOTE 8 – DERIVATIVE INSTRUMENTS

The Company does not invest in derivative instruments.

**NOTES TO FINANCIAL STATEMENTS****NOTE 9 – INCOME TAXES****A. Component of Deferred Tax Assets (DTAs) and Deferred Tax Liabilities (DTLs):**

<u>Description</u>	<u>2003</u>	<u>2002</u>
Gross DTAs	12,626,138	10,067,179
Gross DTLs	(20,122)	(10,487)
Net DTAs	12,606,016	10,056,692
Nonadmitted DTAs	(12,606,016)	(9,626,888)
Admitted DTAs	0	429,804
Increase (decrease) in nonadmitted DTAs	2,979,128	4,898,365

**B. Unrecognized DTLs – Not applicable.****C. Current tax and change in Deferred Tax:**

Current income taxes incurred consisted of the following major components:

<u>Description</u>	<u>2003</u>	<u>2002</u>
Current income tax expense (benefit)	0	0
Prior Year under (over) accrual	0	0
Current income tax incurred (benefit)	0	0

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	<u>12/31/2003</u>	<u>12/31/2002</u>
DTAs resulting from book/tax differences in:		
Unpaid losses and LAE	1,365,281	1,531,717
Unearned premium reserve	124,239	248,911
Net operating losses	10,267,840	7,996,317
Unrealized capital losses	293,837	195,130
Other	574,941	95,104
Gross Deferred Tax Assets	12,626,138	10,067,179
Nonadmitted Deferred Tax Assets	(12,606,016)	(9,626,888)
Admitted Deferred Tax Assets	20,122	429,804
DTLs resulting from book/tax differences in:		
Unearned Premium Acquisition Exp.	0	0
Unrealized capital gains	(20,074)	(8,054)
Other	(48)	(2,433)
Gross Deferred Tax Liabilities	(20,122)	(10,487)
Net Admitted Deferred Tax Asset	0	429,804

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement).

<u>Description</u>	<u>12/31/2003</u>	<u>01/01/2003</u>	<u>Change</u>
Total Deferred Tax Assets	12,626,138	10,067,179	2,558,959
Total Deferred Tax Liabilities	(20,122)	(10,487)	(9,635)
Net Deferred Tax Asset (Liability)	12,606,016	10,056,692	2,549,324
Tax Effect of Unrealized Gains (Losses)			(12,020)
Change in Net Deferred Income Tax			2,561,345

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**NOTES TO FINANCIAL STATEMENTS**


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**NOTE 9 – INCOME TAXES CONTINUED****D. Reconciliation of Federal Income Tax Rate to Annual Effective Rate**

The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

<u>Description</u>	<u>12/31/2003</u>	<u>Tax Effect</u>	<u>Effective Tax Rate</u>
Income before taxes	(7,040,228)	(2,393,678)	34.00%
Tax exempt income deduction	(20,584)	(6,999)	0.10%
Dividends received deduction	(16,455)	(5,595)	0.08%
Nondeductible expenses	4,579	1,557	-0.02%
Prior period adjustments	129	44	0.00%
Cost allocation agreement with affiliate	397,835	135,264	-1.92%
Net change in deferred tax on Nonadmitted assets	(858,643)	(291,939)	4.15%
Total	(7,533,367)	(2,561,345)	36.38%
Federal income taxes incurred		0	
Change in net deferred income taxes		(2,561,345)	36.38%
Total statutory income taxes		(2,561,345)	36.38%

**E. Operating Loss and Tax Credit Carryforwards:**

1. The Company has the following tax carryforward items:

<u>Description</u>	<u>Amount</u>	<u>Expiration</u>
Net operating loss carryover	30,199,530	2023
Capital loss carryover	-	N/A
AMT credit carryover	-	N/A
Foreign tax credit carryover	-	N/A
Other tax credit carryovers	-	N/A

2. The following income tax expense for 2002 and 2003 that is available for recoupment in the event of future net losses is as follows:

<u>Year</u>	<u>Amount</u>
2003	\$0
2002	\$0

**F. Consolidated Federal Income Tax Return:**

1. The Company's federal income tax return is combined with its parent company, Northwest Healthcare Insurance Services (NHIS). The Company has a written agreement which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

**NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES**

- A. The Company is a wholly owned subsidiary of NHIS. NHIS was placed into receivership for the purpose of rehabilitation by order of the Thurston County Superior Court, State of Washington on December 11, 2003.
- B. Previously admitted note and account receivable from NHIS totaling \$1,259,667 has been nonadmitted in 2003.
- C. There were no changes in terms of intercompany arrangements.
- D. Amounts due from related party – see B above.
- E. There are no guarantees or undertakings that result in a material contingent exposure.
- F. There are no material management, service contracts or cost sharing agreements with NHIS.
- G. All outstanding shares of the Company are owned by NHIS.
- H. There are no downstream subsidiaries, controlled or affiliated entities.
- I. There are no investments in affiliates.
- J. Writedown for impairments of investments in subsidiary, controlled or affiliated companies – Not applicable.

**NOTE 11 – DEBT**

There are no Capital Notes or other Debt Instruments.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POST RETIREMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POST RETIREMENT BENEFITS

- A. The Company does not have a Defined Benefit Plan.
- B. Company employees are covered by a qualified defined contribution 401(k) and money purchase pension plan sponsored by the parent company. Contributions of up to 8% of each employee's compensation are made each year to both plans. The Company's contribution for the two plans was \$84,746 and \$112,000 for 2003 and 2002, respectively. The fair value of plan assets was \$3.1 million and \$2.4 million, respectively, as of December 31, 2003 and 2002.
- C. There are no Multi-employer plans.
- D. There are no Consolidated Entity Plans.
- E. There are no Post Retirement Benefit or Compensated Absences Plans.

### NOTE 13 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

- A. The Company has 300,000 shares of \$10 par value Class A stock authorized and outstanding. All of the shares of the Company are owned by NHIS (Parent), a quasi-mutual insurance company domiciled in the State of Washington and currently in receivership for the purpose of rehabilitation. NHIS paid in capital of \$2,355,060 in 2003 and \$1,620,662 in 2002.
- B. Preferred stock. – Not applicable
- C. The maximum amount of dividends that can be paid by Washington State companies to shareholders without prior approval of the insurance commissioner is subject to restrictions relating to statutory surplus. According to the results of 2003, the amount available for payment of dividends is \$0. There were no dividends declared to the Parent in 2003.
- D. See C above for the restriction of ordinary dividends to stockholders
- E. See C above for restrictions on surplus.
- F. Mutual Surplus Advances. – Not applicable
- G. Company Stock Held for Special Purposes. – Not applicable
- H. Changes in Special Surplus Funds. – Not applicable
- I. Unassigned surplus was impacted by the following:
  - a. Unrealized gains and losses: \$1,794,325 surplus increase
  - b. Nonadmitted asset values: \$1,423,593 surplus decrease
  - c. Change in net deferred income tax: \$429,805 surplus decrease
  - d. Change in provision for reinsurance: \$11,581 decrease
- J. Surplus Notes. – Not applicable
- K. Quasi-reorganization. – Not applicable
- L. Date of quasi-reorganization. – Not applicable

### NOTE 14 – CONTINGENCIES

- A. Contingent Commitments. – Not applicable
- B. Guaranty Fund and Other Assessments. – Not applicable
- C. Gain Contingencies. – Not applicable
- D. All Other Contingencies. – Not applicable

### NOTE 15 – LEASES

#### A. Lessee Leasing Arrangements:

1. The Company leases office space and copiers under various non-cancelable operating lease agreements that expire through December 2007. Rental expense for 2003 and 2002 was \$231,368 and \$321,830, respectively. Future minimum rental payments are as follows:

Year	Amount
2004	\$150,087
2005	141,145
2006	142,879
2007	23,931
—	
Thereafter	\$458,042
Total	

2. Certain rental commitments have renewal options extending through the year 2008 subject to the market rate in effect at the inception of the extension.
3. The Company has not entered into any sales and leaseback transactions.

#### B. Lessor Leasing Arrangements. – Not applicable

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## NOTES TO FINANCIAL STATEMENTS

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### NOTE 16 – INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Not Applicable.

### NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

Not Applicable.

### NOTE 18 – GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

Not Applicable.

### NOTE 19 – DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

Not Applicable.

### NOTE 20 – SEPTEMBER 11 EVENTS

No losses were incurred as a result of the terrorist attacks of September 11, 2001.

### NOTE 21 – OTHER ITEMS

- A. Extraordinary items – none.
- B. Troubled debt restructuring – none.
- C. The Company was placed in receivership for the purpose of rehabilitation by order of the Thurston County Superior Court, State of Washington on March 6, 2003.
- D. Nature of Uncollectible assets – not applicable.
- E. Noncash transactions - 2003 realized capital losses include common stock writedowns in the amount of \$864 thousand for impairments considered to be other than temporary.

### NOTE 22 – SUBSEQUENT EVENTS

There were no events occurring subsequent to December 31, 2003 through the date of this filing meriting disclosure.

### NOTE 23 – REINSURANCE

- A. Unsecured Reinsurance Recoverables – none.
- B. Reinsurance Recoverables in Dispute – Dispute resolved in 2004. Full payment received 02/09/04.
- C. Reinsurance Assumed and Ceded and Protected Cells – no commissions forfeitable.
- D. Uncollectible Reinsurance – none.
- E. Commutation of Reinsurance – none.
- F. Retroactive Reinsurance – none.
- G. Reinsurance Accounted for as a Deposit – none.

### NOTE 24 – RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

- A. Method used to Estimate – none.
- B. Method used to Record – none.
- C. Amount and Percent of Net Retrospective Premiums – none.
- D. Calculation of Nonadmitted Accrued Retrospective Premiums – not applicable.

### NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for net incurred losses and loss adjustment expenses attributable to insured events of prior years has increased by \$3.1 million in 2003 as a result of a revised estimate of unpaid losses and loss adjustment expenses principally on the physician medical malpractice lines of insurance. This increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

### NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS

Not Applicable.

### NOTE 27 – STRUCTURED SETTLEMENTS

Not Applicable.

### NOTE 28 – HEALTH CARE RECEIVABLES

Not Applicable.

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## NOTES TO FINANCIAL STATEMENTS

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### NOTE 29 – PARTICIPATING ACCIDENT AND HEALTH POLICIES

Not Applicable.

### NOTE 30 – PREMIUM DEFICIENCY RESERVES

Not Applicable.

### NOTE 31 – HIGH DEDUCTIBLES

Not Applicable.

### NOTE 32 – DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

The Company does not discount the liabilities for unpaid losses or unpaid loss adjustment expenses.

### NOTE 33 – ASBESTOS/ENVIRONMENTAL RESERVES

Not Applicable.

### NOTE 34 – SUBSCRIBER SAVINGS ACCOUNTS

Not Applicable.

### NOTE 35 –MULTIPLE PERIL CROP INSURANCE

Not Applicable.

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported In the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	8,547,836	34.8	8,047,836	34.8
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	0.0	0.0	0.0	0.0
1.22 Issued by U.S. government sponsored agencies.....	0.0	0.0	0.0	0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	0.0	0.0	0.0	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	2,197,574	.85	2,197,574	.85
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	0.0	0.0	0.0	0.0
1.43 Revenue and assessment obligations.....	2,202,117	.86	2,202,117	.86
1.44 Industrial development and similar obligations.....	0.0	0.0	0.0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA.....	484,271	.15	484,271	.15
1.512 Issued by FNMA and FHLMC.....	111,573	.04	111,573	.04
1.513 Privately issued.....	123,202	.05	123,202	.05
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC.....	0.0	0.0	0.0	0.0
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC.....	1,853,066	.72	1,853,066	.72
1.523 All other privately issued.....	0.0	0.0	0.0	0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	206,508	.08	206,508	.08
2.2 Unaffiliated foreign securities.....	0.0	0.0	0.0	0.0
2.3 Affiliated securities.....	0.0	0.0	0.0	0.0
3. Equity Interests:				
3.1 Investments in mutual funds.....	0.0	0.0	0.0	0.0
3.2 Preferred stocks:				
3.21 Affiliated.....	0.0	0.0	0.0	0.0
3.22 Unaffiliated.....	0.0	0.0	0.0	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0.0	0.0	0.0	0.0
3.32 Unaffiliated.....	2,505,665	.97	2,505,665	.97
3.4 Other equity securities:				
3.41 Affiliated.....	0.0	0.0	0.0	0.0
3.42 Unaffiliated.....	0.0	0.0	0.0	0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....	0.0	0.0	0.0	0.0
3.52 Unaffiliated.....	0.0	0.0	0.0	0.0
4. Mortgage loans:				
4.1 Construction and land development.....	0.0	0.0	0.0	0.0
4.2 Agricultural.....	0.0	0.0	0.0	0.0
4.3 Single family residential properties.....	0.0	0.0	0.0	0.0
4.4 Multifamily residential properties.....	0.0	0.0	0.0	0.0
4.5 Commercial loans.....	0.0	0.0	0.0	0.0
4.6 Mezzanine real estate loans.....	0.0	0.0	0.0	0.0
5. Real estate investments:				
5.1 Property occupied by company.....	0.0	0.0	0.0	0.0
5.2 Property held for production of income (includes \$..... of property acquired in satisfaction of debt).....	0.0	0.0	0.0	0.0
5.3 Property held for sale (\$..... including property acquired in satisfaction of debt).....	0.0	0.0	0.0	0.0
6. Policy loans.....	0.0	0.0	0.0	0.0
7. Receivables for securities.....	0.0	0.0	0.0	0.0
8. Cash and short-term investments.....	7,071,260	27.5	7,071,260	27.5
9. Other invested assets.....	0.0	0.0	0.0	0.0
10. Total invested assets.....	25,703,301	100.0	25,703,301	100.0

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES****GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] NIA [ ]
- 1.3 State regulating? Washington
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1996
- 3.2 State as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1996
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 09/25/1998
- 3.4 By what department or departments? Office of the Insurance Commissioner, State of Washington
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
 4.11 sales of new business? Yes [ ] No [X]  
 4.12 renewals? Yes [ ] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
 4.21 sales of new business? Yes [ ] No [X]  
 4.22 renewals? Yes [ ] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.  

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
---------------------	------------------------	------------------------
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [X] No [ ]
- 6.2 If yes, give full information:  
Oregon & Idaho Insurance Departments suspended license
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]
- 7.2 If yes,  
 7.21 State the percentage of foreign control. \_\_\_\_\_%  
 7.22 State the nationality(es) of the foreign person(s) or entity(es); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(es) (e.g., individual, corporation, government, manager or attorney-in-fact)  

1 Nationality	2 Type of Entity
------------------	---------------------

## GENERAL INTERROGATORIES (continued)

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]  
 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency (i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator).

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
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9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 Ernst & Young, LLP, 899 Third Ave, Suite 3500, Seattle, WA 98104

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/verification?  
 John Mize, Principal, Tilquist - Tower Perrin, 525 Market St, Suite 2900, San Francisco, CA 94105

## 11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch or offices wherever located? Yes [ ] No [ ]

- 11.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

- 11.4 If answer to 11.3 is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]

## BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [ ] No [X]

13. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinates committees thereof? Yes [X] No [ ]

14. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes [X] No [ ]

## FINANCIAL

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers \_\_\_\_\_  
 15.12 To stockholders not officers \_\_\_\_\_  
 15.13 Trustees, supreme or grand (Fraternal only) \_\_\_\_\_

- 15.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers \_\_\_\_\_  
 15.22 To stockholders not officers \_\_\_\_\_  
 15.23 Trustees, supreme or grand (Fraternal only) \_\_\_\_\_

- 16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

- 16.2 If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others \_\_\_\_\_  
 16.22 Borrowed from others \_\_\_\_\_  
 16.23 Leased from others \_\_\_\_\_  
 16.24 Other \_\_\_\_\_

Disclose in the Notes to Financial the nature of each obligation.

- 17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guarantee fund or guarantee association assessments? Yes [ ] No [X]

- 17.2 If answer is yes:

17.21 Amount paid as losses or risk adjustment \_\_\_\_\_  
 17.22 Amount paid as expenses \_\_\_\_\_  
 17.23 Other amounts paid \_\_\_\_\_

**Washington Casualty Company In Rehabilitation****GENERAL INTERROGATORIES (continued)****INVESTMENT**

18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Prefixed					Yes [ ] No [ ]	Yes [ ] No [ ]
Common	300,000,000	300,000,000	10.00	XXX	XXX Yes [ ] No [ ]	XXX Yes [ ] No [ ]

- 19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 3-Special Deposits?

Yes [ ] No [X]

- 19.2 If no, give full and complete information relating thereto.

Investments are held in custodial accounts by Bank of New York and Charles E. Schwab

- 20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 3-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 18.1)

Yes [ ] No [X]

- 20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others \_\_\_\_\_

\_\_\_\_\_

20.22 Subject to repurchase agreements \_\_\_\_\_

\_\_\_\_\_

20.23 Subject to reverse repurchase agreements \_\_\_\_\_

\_\_\_\_\_

20.24 Subject to dollar repurchase agreements \_\_\_\_\_

\_\_\_\_\_

20.25 Subject to reverse dollar repurchase agreements \_\_\_\_\_

\_\_\_\_\_

20.26 Pledged as collateral \_\_\_\_\_

\_\_\_\_\_

20.27 Placed under option agreements \_\_\_\_\_

\_\_\_\_\_

20.28 Letter stock or securities restricted as to sale \_\_\_\_\_

\_\_\_\_\_

20.29 Other \_\_\_\_\_

\_\_\_\_\_

- 20.3 For each category above, if any of these assets are held by others, identify by whom held:

20.31 \_\_\_\_\_

20.32 \_\_\_\_\_

20.33 \_\_\_\_\_

20.34 \_\_\_\_\_

20.35 \_\_\_\_\_

20.36 \_\_\_\_\_

20.37 \_\_\_\_\_

20.38 \_\_\_\_\_

20.39 \_\_\_\_\_

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

- 20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 21.1 Does the reporting entity have any hedging transactions reported on Schedule D8?

Yes [ ] No [X]

- 21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [ ] No [ ] N/A[X]

If no, attach a description with this statement.

- 22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [ ] No [X]

- 22.2 If yes, state the amount thereof at December 31 of the current year:

## Washington Casualty Company in Rehabilitation

## GENERAL INTERROGATORIES (continued)

## INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part I-General, Section IV-H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiner Handbook?

Yes [X] No [ ]

- 23.01. For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
BNY Western Trust Company	Seattle, WA

- 23.02. For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Charles E. Schwab	Seattle, WA	In order to comply with the NAIC, WCC opened an equity custodial account with BNY Western Trust Co. in 2001. Only one Schwab mutual fund remains in this account.

- 23.03. Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?

Yes [X] No [ ]

- 23.04. If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
US Bank	n/a	October, 2003	Asset transferred to BNY Western Trust Company

- 23.05. Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Numbers	2 Name	3 Address

- 24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 (Section 5(b)(1))?)

Yes [X] No [ ]

- 24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
631100-15-4	NASDAQ 100	98,911
77057M-10-2	T. Rowe Price Sci & Tech	63,682
626509-60-8	Schwab S&P 500 Index	362,925
922903-10-6	Vanguard S&P 500 Index	915,044
922903-70-2	Vanguard Small Cap	688,897
090999999, TOTAL		2,127,260

- 24.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation
NASDAQ 100	Microsoft Corporation	8,402	12/31/2003
NASDAQ 100	Intel Corporation	6,038	12/31/2003
NASDAQ 100	Cisco Systems Inc.	4,913	12/31/2003
NASDAQ 100	Qualcomm Inc.	4,254	12/31/2003
NASDAQ 100	Nextel Communications Inc.	3,150	12/31/2003
T. Rowe Price Sci & Tech	Microsoft Corporation	5,922	12/31/2003
T. Rowe Price Sci & Tech	Cisco Systems Inc.	2,993	12/31/2003
T. Rowe Price Sci & Tech	Dell	2,675	12/31/2003
T. Rowe Price Sci & Tech	Maxim Integrated Products	1,810	12/31/2003
T. Rowe Price Sci & Tech	Analog Devices	1,547	12/31/2003
Schwab S&P 500 Index	General Electric Company	10,597	11/30/2003
Schwab S&P 600 Index	Microsoft Corporation	10,271	11/30/2003
Schwab S&P 500 Index	Pfizer Inc.	9,654	11/30/2003
Schwab S&P 500 Index	Wal-Mart Stores Inc.	8,954	11/30/2003
Schwab S&P 500 Index	Citigroup Inc.	8,964	11/30/2003
Vanguard S&P 500 Index	Microsoft Corporation	29,647	09/30/2003
Vanguard S&P 500 Index	General Electric Company	29,484	09/30/2003
Vanguard S&P 500 Index	Wal-Mart Stores Inc.	24,056	09/30/2003
Vanguard S&P 500 Index	ExxonMobil Corporation	23,974	09/30/2003
Vanguard S&P 500 Index	Pfizer Inc.	23,334	09/30/2003
Vanguard Small Cap	Providian Financial	2,135	09/30/2003
Vanguard Small Cap	Maxx	1,659	09/30/2003
Vanguard Small Cap	Humana	1,722	09/30/2003
Vanguard Small Cap	Invenergy	1,722	09/30/2003
Vanguard Small Cap	Rite Aid	1,653	09/30/2003

Annual Statement for the year 2003 of the Washington Casualty Company In Rehabilitation  
**GENERAL INTERROGATORIES (continued)**

**OTHER**

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 255,682

25.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid
Tillinghast - Towers Perrin	257,832

26.1 Amount of payments for legal expenses, if any?

\$..... 19,847

26.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Miller Nash, LLP Attorneys at Law	15,219

27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?

\$.....

27.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures

In connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid

**Washington Casualty Company In Rehabilitation**  
**GENERAL INTERROGATORIES (continued)**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]  
 1.2 If yes, indicate premium earned on U.S. business only.  
 1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?  
 1.31 Reason for excluding:
- 

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

1.5 Indicate total incurred claims on all Medicare Supplement Insurance.

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

1.62 Total incurred claims

1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned

1.65 Total incurred claims

1.66 Number of covered lives

1.7 Group policies:

Most current three years:

1.71 Total premium earned

1.72 Total incurred claims

1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned

1.75 Total incurred claims

1.76 Number of covered lives

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	8,396,554	16,841,658
2.2 Premium Denominator.....	.0	.0
2.3 Premium Ratio (2.1/2.2).....	.0	.0
2.4 Reserve Numerator.....	37,707,530	42,431,846
2.5 Reserve Denominator.....	.0	.0
2.6 Reserve Ratio (2.4/2.5).....	.0	.0

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]

3.2 If yes, state the amount of calendar year premiums written on:  
 3.21 Participating  
 3.22 Non-participating policies

4. For Mutual Reporting Entities and Reciprocal Exchange only:

4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ]

4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [ ]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? \_\_\_\_\_ %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \_\_\_\_\_

5. For Reciprocal Exchanges only:

5.1 Does the exchange appoint local agents? Yes [ ] No [ ]

5.2 If yes, is the commission paid:  
 5.21 Out of Attorney-in-fact compensation Yes [ ] No [ ] N/A [X]  
 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [X]

5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact? \_\_\_\_\_

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes [ ] No [ ]

5.5 If yes, give full information: \_\_\_\_\_

**Washington Casualty Company In Rehabilitation**  
**GENERAL INTERROGATORIES (continued)**  
**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES (continued)**

- |       |   |  |
|-------|---|--|
| 6.1   | What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?   | <input type="checkbox"/> No _____  |
| 6.2   | Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations or concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: | <u>No property written: Maximum professional or general liability loss is \$1,000,000 secured by individual policy reinsurance, clash reinsurance, and excess awards made by reinsurance</u> |
| 6.3   | What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable property insurance loss?   | <u>Coverages are primarily in the medical malpractice line of business.</u>  |
| 6.4   | Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?  | <input checked="" type="checkbox"/> Yes [ ] <input type="checkbox"/> No [X]  |
| 6.5   | If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.  | _____  |
| 7.1   | Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?                                 | <input type="checkbox"/> Yes [ ] <input checked="" type="checkbox"/> No [X]  |
| 7.2   | If yes, indicate the number of reinsurance contracts containing such provisions:  | _____  |
| 8.1   | Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?   | <input type="checkbox"/> Yes [ ] <input checked="" type="checkbox"/> No [X]  |
| 8.2   | If yes, give full information:  | _____  |
| 9.    | If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?   | <input type="checkbox"/> Yes [ ] <input checked="" type="checkbox"/> No [X] <input type="checkbox"/> N/A [X]   |
| 10.1  | Has this reporting entity guaranteed policies issued by any other reporting entity and now in force?  | <input type="checkbox"/> Yes [ ] <input checked="" type="checkbox"/> No [X]  |
| 10.2  | If yes, give full information:  | _____  |
| 11.1  | If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 12.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:   | _____  |
| 11.11 | Unpaid losses   | _____  |
| 11.12 | Unpaid underwriting expenses (including loss adjustment expenses)   | _____  |
| 11.2  | Of the amount on Line 12.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds:   | _____  |
| 11.3  | If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?  | <input type="checkbox"/> Yes [ ] <input checked="" type="checkbox"/> No [X] <input type="checkbox"/> N/A [X]   |
| 11.4  | If yes, provide the range of interest rates charged under such notes during the period covered by this statement:   | _____ From _____ To _____ %  |
| 11.41 | From  | _____ %  |
| 11.42 | To  | _____ %  |
| 11.5  | Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?          | <input type="checkbox"/> Yes [ ] <input checked="" type="checkbox"/> No [X]  |
| 11.6  | If yes, state the amount thereof at December 31 of current year:  | _____  |
| 11.61 | Letters of credit   | _____  |
| 11.62 | Collateral and other funds  | _____  |
| 12.1  | What amount of installment notes is owned and now held by the reporting entity?   | _____  |
| 12.2  | Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?  | <input type="checkbox"/> Yes [ ] <input checked="" type="checkbox"/> No [X]  |
| 12.3  | If yes, what amount?  | _____  |
| 13.1  | Largest net aggregate amount insured in any one risk (excluding workers' compensation):   | \$ _____,000,000   |
| 13.2  | Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?   | <input type="checkbox"/> Yes [ ] <input checked="" type="checkbox"/> No [X]  |
| 13.3  | State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.  | _____  |

**Washington Casualty Company In Rehabilitation**  
**GENERAL INTERROGATORIES (continued)**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES (continued)**

14.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No [X]

14.2 If yes, give full information:

---

15.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

15.11 Name of real estate holding company

---

15.12 Number of parcels involved

---

15.13 Total book/adjusted carrying value

---

15.2 If yes, provide explanation

---

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home...					
16.12 Products...					
16.13 Automobile...					
16.14 Other...					

\* Disclose type of coverage: \_\_\_\_\_

Annual Statement for the year 2000 of the  
**Washington Casualty Company In Rehabilitation**  
**FIVE-YEAR HISTORICAL DATA**

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2003	2 2002	3 2001	4 2000	5 1999
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	9,886,474	21,305,411	33,885,766	26,393,560	25,827,897
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
6. Total (Line 34).....	9,886,474	21,305,411	33,885,766	26,393,560	25,827,897
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	8,563,796	12,651,200	20,203,298	17,656,264	16,427,029
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
12. Total (Line 34).....	8,563,796	12,651,200	20,203,298	17,656,264	16,427,029
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(5,727,353)	(14,207,542)	(13,495,080)	(4,816,987)	(2,540,759)
14. Net investment gain (loss) (Line 11).....	(333,511)	875,259	3,253,547	2,232,268	3,388,554
15. Total other income (Line 15).....	20,554		(9,919)	89,828	147,399
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....			(129,565)		(38,806)
18. Net income (Line 20).....	(7,040,200)	(13,202,718)	(10,252,462)	(2,476,237)	995,164
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	29,255,733	37,055,310	53,773,876	57,145,421	50,938,735
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 12.1).....	95,789	(271,930)	279,779	741,016	1,209,117
20.2 Deferred and not yet due (Line 12.2).....	1,978,514	5,577,063	11,270,698	7,141,475	159,116
20.3 Accrued retrospective premiums (Line 12.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	38,007,820	41,051,701	45,162,735	38,523,251	28,718,830
22. Losses (Page 3, Lines 1 & 2).....	26,822,439	27,303,828	23,996,534	17,088,595	16,015,355
23. Loss adjustment expenses (Page 3, Line 3).....	8,958,139	11,468,007	10,327,555	8,043,310	7,919,714
24. Unearned premiums (Page 3, Line 6).....	1,827,052	3,659,811	7,850,309	7,302,855	447,506
25. Capital paid up (Page 3, Lines 28 & 29).....	3,000,000	3,000,000	3,000,000	3,000,000	1,500,000
26. Surplus as regards policyholders (Page 3, Line 35).....	(8,752,187)	(3,996,391)	8,611,141	18,622,170	22,219,905
<b>Risk-Based Capital Analysis</b>					
27. Total adjusted capital.....	(8,752,187)	(3,996,391)	8,611,141	18,622,170	22,219,905
28. Authorized control level risk-based capital.....	3,802,770	4,651,381	4,102,493	2,953,419	2,933,266
<b>Percentage Distribution of Cash and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1).....	62.7	53.3	29.6	60.0	78.1
30. Stocks (Lines 2.1 & 2.2).....	9.7	11.2	10.2	10.0	14.8
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....			1.4	1.1	1.1
32. Real estate (Lines 4.1, 4.2 & 4.3).....					
33. Cash and short-term investments (Line 5).....	27.5	32.6	58.3	17.5	3.8
34. Contract icons (Line 6).....	XXX	XXX	XXX	XXX	
35. Other invested assets (Line 7).....		2.9	2.6	2.4	2.6
36. Receivable for securities (Line 8).....					
37. Aggregate write-ins for invested assets (Line 9).....					
38. Cash and invested assets (Line 10).....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
39. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....					
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....					
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11).....					
43. Affiliated mortgage loans on real estate.....					
44. All other affiliated.....					
45. Total of above lines 39 to 44.....	0	0	0	0	0
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0).....	0.0				

Annual Statement for the year 2003 of the Washington Casualty Company In Rehabilitation  
**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2003	2 2002	3 2001	4 2000	5 1999
<b>Capital and Surplus Accounts</b> (Page 4)					
47. Net unrealized capital gains (losses) (Line 23)	1,794,325	(550,224)	(499,214)	(280,630)	(910,057)
48. Dividends to stockholders (Line 34)			(241,110)	(711,722)	(750,000)
49. Change in surplus as regards policyholders for the year (Line 37)	(4,755,704)	(12,607,503)	(10,011,029)	(3,597,735)	(193,960)
<b>Gross Losses Paid</b> (Page 8, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	16,787,753	28,378,713	27,966,423	14,181,272	14,529,110
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
52. Property and liability combined lines (Lines 3, 4, 5, 6, 22 & 27)					
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 26, 29 & 33)					
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
55. Total (Line 34)	16,787,753	28,378,713	27,966,423	14,181,272	14,529,110
<b>Net Losses Paid</b> (Page 8, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	9,097,753	14,482,119	11,552,598	8,011,272	10,333,386
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
58. Property and liability combined lines (Lines 3, 4, 5, 6, 22 & 27)					
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 26, 29 & 33)					
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
61. Total (Line 34)	9,097,753	14,482,119	11,552,598	8,011,272	10,333,386
<b>Operating Percentages</b> (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)	103.8	105.5	90.0	55.8	47.1
64. Loss expenses incurred (Line 3)	28.6	43.7	42.4	38.1	27.3
65. Other underwriting expenses incurred (Line 4)	47.7	35.2	38.3	33.5	41.5
66. Net underwriting gain (loss) (Line 6)	(80.1)	(84.4)	(68.7)	(27.1)	(15.8)
<b>Other Percentages</b>					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 6, Part 1B, Col. 6, Line 34 x 100.0)	60.7	40.8	35.4	33.3	39.6
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	132.4	149.2	132.4	93.7	74.4
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34, divided by Page 8, Line 35, Col. 1 x 100.0)	(75.0)	(316.6)	(234.6)	(94.3)	(73.9)
<b>One Year Loss Development (000 omitted)</b>					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	3,125	12,731	6,731	1,915	222
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100).	(78.2)	142.0	35.1	8.5	1.0
<b>Two Year Loss Development (000 omitted)</b>					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	12,225	13,435	6,251	220	(1,786)
73. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0)	142.0	72.2	28.1	1.0	(2.3)



Annual Statement for the year 2001 of the

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

(b) For health business on indicated basis report: Number of persons insured under FPO managed care products, \_\_\_\_\_, and number of persons named under similarly categorized products, \_\_\_\_\_.



Washington Casualty Company In Rehabilitation

**EXHIBIT OF PREMIUMS AND LOSSES (STATUTORY Page 14)**

BUSINESS IN THE STATE OF MONTANA DURING THE YEAR													
Line of Business		Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken			Direct Losses Paid or Collected on Direct Business			Direct Losses Incurred			Taxes, Licenses and Fees		
1. Fire	2. Direct Premiums Written	1	2	3	4	5	6	7	8	9	10	11	12
2.1 Allied lines.....													
2.2 Marine pool corp.....													
2.3 Food pool food.....													
3. Farmers multiple pool.....													
4. Homeowners multiple pool.....													
5.1 Commercial multiple pool (non liability portion).....													
5.2 Commercial multiple pool (liability portion).....													
6. Mortgage guaranty.....													
7. Ocean marine.....													
8. Inland marine.....													
10. Financial security.....													
11. Medical malpractice.....													
12. Earthquake.....													
13. Group accident and health (GAH).....													
14. Credit A & H (group and individual).....													
15.1 Collectively renewable AFM (AF).....													
15.2 Non cancellable A & H (B).....													
15.3 Guaranteed renewable A & H (B).....													
15.4 Non renewable for stated reasons only (B).....													
15.5 Other accident only.....													
15.6 All other A & H (B).....													
15.7 Federal employees health benefits program premium (B).....													
16. Workers' compensation.....													
17. Crop liability.....													
18. Products liability.....													
19.1 Private passenger auto -so-dual (personal injury protection).....													
19.2 Other private passenger auto liability.....													
19.3 Commercial auto-no-fault (financial injury protection).....													
19.4 Other commercial auto liability.....													
21.1 Private passenger auto Physical damage.....													
21.2 Commercial auto physical damage.....													
22. Aircraft (all perils).....													
23. Fidelity.....													
24. Surety.....													
25. Bonds and surety.....													
27. Boats and machinery.....													
28. Cods.....													
33. Aggregate with less for overflow of business.....													
34. TOTALS (a).....													
DETAILS OF WRITE-INS													
3301.													
3302.													
3303.													
3304.													
3305.													
3306.													
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(b) For health business on indicated lines report: Number of persons insured under PIPO managed care products ..... 0 and number of persons insured under differently only products ..... 0.

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

DETAILS OF PATIENTS  
5. Summary of remaining patients for Line 33 from overflow page.....  
6. Total patients 3300 from 2186 (Line 33 above).....  
7. Patients are services not included in Lines 1 to 34.....  
8. For Health Authorities indicated below.....  
9. Number of patients treated under PPO managed care products.....  
10. Total number of patients treated under independently owned product.....



## EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

NAIC Group Code... Line of Business	BUSINESS IN THE STATE OF WASHINGTON			DURING THE YEAR
	1 Direct Premiums Written	2 Direct Premiums Earned	3 Unearned Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies and Taken Back	
1. Fin.				
2.1 Armed forces				
2.2 Multiple peril crop				
2.3 Federal flood				
3. Farmers' multiple peril				
4. Homeowners multiple peril				
5.1 Commercial multiple peril (residential portion)				
5.2 Commercial multiple peril (business portion)				
6. Mortgage guarantee				
7. Ocean marine				
9. Island marine				
10. Financial guaranty				
11. Medical malpractice				
12. Enterprise				
13. Group accident and health (b)				
14. Credit A & H (group and individual)				
15.1 Collectively renewable A & H (b)				
15.2 Non-cancellable A & H (b)				
15.3 Guaranteed renewable A & H (b)				
15. Non-renewable for stated reasons only (b)				
15.6 All other A & H (b)				
15.7 Federal employees health benefits program premium (b)				
16. Workers' compensation				
17. Other liability				
18. Products liability				
19.1 Private passenger auto-no-fault (personal injury protection)				
19.2 Other private passenger auto liability				
19.3 Commercial auto no-fault (personal injury protection)				
19.4 Other commercial auto liability				
21.1 Private passenger auto physical damage				
21.2 Commercial auto physical damage				
22. Aircraft (air peril)				
23. Fleet				
24. Surety				
25. Burden and theft				
26. Boiler and machinery				
28. Credit				
32. Aggregate withheld for other lines of business				
34. TOTALS (a)				
				DETAILS OF WRITE-INS
3501				
3502				
3503				
3508. Summary of remaining write-ins for Line 33 from previous page				
3509. TOTALS [Lines 3501 thru 3503 plus 3508] (See 35 column)				
(b) Finance and service charges not included in Lines 1 to 34. (c) 0.				
(d) For health business on indicated lines report Number of persons Insured under PPO managed care products..... 0 and number of persons treated under indemnity only products..... 0.				

**Washington Casualty Company In Rehabilitation****SCHEDULE A - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value, December 31, prior year (prior year statement).....	
2. Increase (decrease) by adjustment:	
2.1 Totals, Part 1, Column 10.....	
2.2 Totals, Part 3, Column 7.....	
3. Cost of acquired (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9)).....	
4. Cost of additions and permanent improvements:	
4.1 Totals, Part 1, Column 13.....	
4.2 Totals, Part 3, Column 9.....	
5. Total profit (loss) on sales, Part 3, Column 14.....	
6. Increase (decrease) by foreign exchange adjustment:	
6.1 Totals, Part 1, Column 11.....	
6.2 Totals, Part 3, Column 8.....	
7. Amounts received on sales, Part 3, Column 11 and Part 1, Column 12.....	
8. Book/adjusted carrying value at end of current period.....	0
9. Total valuation allowance.....	
10. Subtotal (Lines 8 plus 9).....	0
11. Total nonadmitted amounts.....	
12. Statement value, current period (Page 2, real estate lines, current period).....	0

**NONE****SCHEDULE B - VERIFICATION BETWEEN YEARS**

1. Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year.....	
2. Amount loaned during year:	
2.1 Actual cost at time of acquisitions.....	
2.2 Additional investment made after acquisitions.....	
3. Accrual of discount and mortgage interest points and commitment fees.....	0
4. Increase (decrease) by adjustment.....	
5. Total profit (loss) on sale.....	
6. Amounts paid on account or in full during the year.....	
7. Amortization of premium.....	
8. Increase (decrease) by foreign exchange adjustment.....	
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period.....	0
10. Total valuation allowance.....	
11. Subtotal (Lines 9 plus 10).....	0
12. Total nonadmitted amounts.....	
13. Statement value of mortgages owned at end of current period.....	0

**NONE****SCHEDULE BA - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year.....	751,088
2. Cost of acquisitions during year:	
2.1 Actual cost at time of acquisitions.....	
2.2 Additional investment made after acquisitions.....	0
3. Accrual of discount.....	
4. Increase (decrease) by adjustment.....	(562,103)
5. Total profit (loss) on sale.....	
6. Amounts paid on account or in full during the year.....	195,985
7. Amortization of premium.....	
8. Increase (decrease) by foreign exchange adjustment.....	
9. Book/adjusted carrying value of long-term invested assets at end of current period.....	0
10. Total valuation allowance.....	
11. Subtotal (Lines 9 plus 10).....	0
12. Total nonadmitted amounts.....	
13. Statement value of long-term invested assets at end of current period.....	0

**SCHEDULE D - SUMMARY BY COUNTRY**

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States.....	9,432,107	9,403,071	9,508,083	9,284,294
	2. Canada.....				
	3. Other Countries.....				
	4. Totals.....	9,432,107	9,403,071	9,508,083	9,284,294
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	2,197,574	2,197,574	2,197,531	2,200,000
	6. Canada.....				
	7. Other Countries.....				
	8. Totals.....	2,197,574	2,197,574	2,197,531	2,200,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....				
	10. Canada.....				
	11. Other Countries.....				
	12. Totals.....	0	0	0	0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	2,313,790	2,313,790	2,360,869	2,253,056
	14. Canada.....				
	15. Other Countries.....				
	16. Totals.....	2,313,790	2,313,790	2,360,869	2,253,056
Public Utilities (unaffiliated)	17. United States.....				
	18. Canada.....				
	19. Other Countries.....				
	20. Totals.....	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	2,182,896	2,182,896	2,239,056	2,118,811
	22. Canada.....				
	23. Other Countries.....				
	24. Totals.....	2,182,896	2,182,896	2,239,056	2,118,811
Parent, Subsidiaries and Affiliates	25. Totals.....				
	26. Total Bonds.....	16,126,357	16,187,331	15,305,539	15,655,961
PREFERRED STOCKS					
Public Utilities (Unaffiliated)	27. United States.....				
	28. Canada.....				
	29. Other Countries.....				
	30. Totals.....	0	0	0	0
	31. United States.....				
Banks, Trust and Insurance Companies (Unaffiliated)	32. Canada.....				
	33. Other Countries.....				
	34. Totals.....	0	0	0	0
	35. United States.....				
Industrial and Miscellaneous (Unaffiliated)	36. Canada.....				
	37. Other Countries.....				
	38. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	39. Totals.....				
	40. Total Preferred Stocks.....	0	0	0	0
COMMON STOCKS					
Public Utilities (Unaffiliated)	41. United States.....				
	42. Canada.....				
	43. Other Countries.....				
	44. Totals.....	0	0	0	0
	45. United States.....				
Banks, Trust and Insurance Companies (Unaffiliated)	46. Canada.....				
	47. Other Countries.....				
	48. Totals.....	0	0	0	0
	49. United States.....	2,505,665	2,505,665	3,310,849	
Industrial and Miscellaneous (Unaffiliated)	50. Canada.....				
	51. Other Countries.....				
	52. Totals.....	2,505,665	2,505,665	3,310,849	
Parent, Subsidiaries and Affiliates	53. Totals.....				
	54. Total Common Stocks.....	2,505,665	2,505,665	3,310,849	
	55. Total Stocks.....	2,605,665	2,605,665	3,310,849	
	56. Total Bonds and Stocks.....	16,632,032	16,692,096	19,610,386	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$....7,188,525.

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of bonds and stocks, prior year.....	16,553,056	6. Foreign exchange adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	10,647,035	6.1. Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2. Column 13, Part 2, Section 1.....	
3.1. Column 18, Part 1.....	(119,048)	6.3. Column 11, Part 2, Section 2.....	
3.2. Column 12, Part 2, Section 1.....		6.4. Column 11, Part 4.....	0
3.3. Column 10, Part 2, Section 2.....	610,698	7. Book/adjusted carrying value at end of current period.....	16,632,032
3.4. Column 16, Part 4.....	279,108	8. Total valuation allowance.....	
4. Total gain (loss), Column 14, Part 4.....	81,315	9. Subtotal (Lines 7 plus 8).....	16,632,032
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4.....	9,920,224	10. Total nonadmitted amount.....	
		11. Statement value of bonds and stocks, current period.....	16,632,032

**SCHEDULE D - PART 1A - SECTION 1****Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations**

Quality Rating per the NAIC Designation	1 Year or Less	2 Years Through 3 Years	3 Years Through 10 Years	4 Years Through 20 Years	5 Years Over 20 Years	6 Total Current Year	7 Total Over 20 Years	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Published/Traded	11 Total Physically Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)	\$9,169,160	6,150,026	85,176	43,378	2,960	15,451,020	88,3	1,918,111	9.2	15,451,020	0
1.1 Class 1						0	0.0	0.0	0.0		
1.2 Class 2						0	0.0	0.0	0.0		
1.3 Class 3						0	0.0	0.0	0.0		
1.4 Class 4						0	0.0	0.0	0.0		
1.5 Class 5						0	0.0	0.0	0.0		
1.6 Class 6						0	0.0	0.0	0.0		
1.7 Totals						0	0.0	0.0	0.0		
2. All other Governments, Schedules D & DA (Group 2)	\$5,693,180	6,150,026	85,176	43,378	2,960	15,451,020	88,3	1,918,111	9.2	15,451,020	0
2.1 Class 1						0	0.0	0.0	0.0		
2.2 Class 2						0	0.0	0.0	0.0		
2.3 Class 3						0	0.0	0.0	0.0		
2.4 Class 4						0	0.0	0.0	0.0		
2.5 Class 5						0	0.0	0.0	0.0		
2.6 Class 6						0	0.0	0.0	0.0		
2.7 Totals	0	0	0	0	0	0	0.0	0.0	0.0	0	0
3. States, Territories and Possessions, etc., Guaranteed, Schedules D & DA (Group 3)	\$60,000	1,167,574				2,197,574	9.7				0
3.1 Class 1		1,167,574				2,197,574	9.7				0
3.2 Class 2						0	0.0	0.0	0.0		
3.3 Class 3						0	0.0	0.0	0.0		
3.4 Class 4						0	0.0	0.0	0.0		
3.5 Class 5						0	0.0	0.0	0.0		
3.6 Class 6						0	0.0	0.0	0.0		
3.7 Totals		1,167,574	0	0	0	2,197,574	9.7	0			0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)	\$200,000	1,167,574	0	0	0	2,197,574	9.7	0			0
4.1 Class 1						0	0.0	0.0	0.0		
4.2 Class 2						0	0.0	0.0	0.0		
4.3 Class 3						0	0.0	0.0	0.0		
4.4 Class 4						0	0.0	0.0	0.0		
4.5 Class 5						0	0.0	0.0	0.0		
4.6 Class 6						0	0.0	0.0	0.0		
4.7 Totals	0	0	0	0	0	0	0.0	0.0	0.0	0	0
5. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed, Schedules D & DA (Group 5)	\$233,951	1,506,207	518,960	4,672	2,113,790	10.2	5,580,093	76.9	2,313,790	0	0
5.1 Class 1		1,506,207	518,960	4,672	2,113,790	10.2	5,580,093	76.9	2,313,790	0	0
5.2 Class 2						0	0.0	0.0	0.0		
5.3 Class 3						0	0.0	0.0	0.0		
5.4 Class 4						0	0.0	0.0	0.0		
5.5 Class 5						0	0.0	0.0	0.0		
5.6 Class 6						0	0.0	0.0	0.0		
5.7 Totals		1,506,207	518,960	4,672	2,113,790	10.2	5,580,093	76.9	2,313,790	0	0

**SCHEDULE D - PART 1A - SECTION 1 (continued)**

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusting Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 Year or Less	2 Year Through 5 Years	3 Year Through 10 Years	4 Year Through 20 Years	5 Year Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10,7	8 Total from Column & Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed [a]
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1.....											
6.2 Class 2.....											
6.3 Class 3.....											
6.4 Class 4.....											
6.5 Class 5.....											
6.6 Class 6.....											
6.7 Totals.....	0	0	0	0	0	0	0	0	0	0	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1.....	1,334,852	1,210,360	101,203			2,672,535	11.6	12,391,249	53.7	2,672,535	
7.2 Class 2.....						0	0	882,176	4.3		
7.3 Class 3.....						0	0				
7.4 Class 4.....						0	0				
7.5 Class 5.....						0	0				
7.6 Class 6.....						0	0				
7.7 Totals.....	1,334,852	1,295,360	101,203	0	0	2,672,535	11.6	13,273,445	63.9	2,672,535	0
8. Credit Tenant Leins, Schedules D & DA (Group 8)											
8.1 Class 1.....								0	0		
8.2 Class 2.....								0	0		
8.3 Class 3.....								0	0		
8.4 Class 4.....								0	0		
8.5 Class 5.....								0	0		
8.6 Class 6.....								0	0		
8.7 Totals.....	0	0	0	0	0	0	0	0	0	0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1.....								0	0		
9.2 Class 2.....								0	0		
9.3 Class 3.....								0	0		
9.4 Class 4.....								0	0		
9.5 Class 5.....								0	0		
9.6 Class 6.....								0	0		
9.7 Totals.....	0	0	0	0	0	0	0	0	0	0	0

**SCHEDULE D - PART 1A - SECTION 1 (continued)****Quality and Maturity Distribution of All Bonds Owned December 31 At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations**

Quality Rating per the NAIC Designation		1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>10. Total Bonds Current Year</b>		<b>11,288,053</b>	<b>10,590,167</b>	<b>705,339</b>	<b>48,350</b>	<b>2,960</b>	<b>22,634,919</b>	<b>100.0</b>	<b>000</b>	<b>000</b>	<b>22,634,919</b>	<b>0</b>
10.1 Class 1		0	0	0	0	0	000	0.0	000	000	000	0
10.2 Class 2		0	0	0	0	0	000	0.0	000	000	000	0
10.3 Class 3		0	0	0	0	0	000	0.0	000	000	000	0
10.4 Class 4		0	0	0	0	0	000	0.0	000	000	000	0
10.5 Class 5		0	0	0	0	0	000	0.0	000	000	000	0
10.6 Class 6		0	0	0	0	0	000	0.0	000	000	000	0
10.7 Totals		<b>11,288,053</b>	<b>10,590,167</b>	<b>705,339</b>	<b>48,350</b>	<b>2,960</b>	<b>(b) 22,634,919</b>	<b>100.0</b>	<b>000</b>	<b>000</b>	<b>22,634,919</b>	<b>0</b>
10.8 Line 10.7 as a % of Col. 6		49.9	46.8	3.1	0.2	0.0	100.0	000.	000.	000.	100.0	0.0
<b>11. Total Bonds Prior Year</b>												
11.1 Class 1		4,012,575	6,729,030	1,146,657	760,566	2,102,095	3000	000.	000.	15,890,223	95.8	15,890,222
11.2 Class 2		1,999,920		472,107	209,500		802,157	4.2		882,126		
11.3 Class 3							000.	000.	000.	000.	000.	
11.4 Class 4							000.	000.	000.	000.	000.	
11.5 Class 5							000.	000.	000.	000.	000.	
11.6 Class 6							000.	000.	000.	000.	000.	
11.7 Line 11.7 as a % of Col. 8		41.3	32.4	9.1	4.7	10.5	000.	000.	000.	100.0	100.0	0.0
<b>12. Total Publicly Traded Bonds</b>												
12.1 Class 1		11,288,053	10,590,167	705,339	48,350	2,960	22,634,919	100.0	19,990,222	95.8	22,634,919	000.
12.2 Class 2								000.	882,126	4.2	000.	
12.3 Class 3								000.	000.	000.	000.	
12.4 Class 4								000.	000.	000.	000.	
12.5 Class 5								000.	000.	000.	000.	
12.6 Class 6								000.	000.	000.	000.	
12.7 Totals								000.	20,772,349	100.0	20,772,349	
12.8 Line 12.7 as a % of Col. 6		49.9	46.8	3.1	0.2	0.0	100.0	000.	000.	000.	100.0	000.
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10		49.9	46.8	3.1	0.2	0.0	100.0	000.	000.	000.	100.0	000.
<b>13. Total Privately Placed Bonds</b>												
13.1 Class 1												
13.2 Class 2												
13.3 Class 3												
13.4 Class 4												
13.5 Class 5												
13.6 Class 6												
13.7 Totals		0	0	0	0	0	0	0	000.	000.	000.	0
13.8 Line 13.7 as a % of Col. 6		0.0	0.0	0.0	0.0	0.0	0	0.0	000.	000.	000.	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10		0.0	0.0	0.0	0.0	0.0	0	0.0	000.	000.	000.	0.0

(a) Includes **5** freshly tradeable under SEC Rule 144 or qualified for resale under SEC Rule 144A.(b) Includes **5** 0 prior year, **5** 0 current year, **5** 0 prior year of bonds with Z designation and **5** 0 current year, **5** 0 prior year of bonds with S\* designation because valuation procedures for the security class are under regulatory review.(c) Includes **5** 0 current year, **5** 0 prior year of bonds with S\* designation and **5** 0 current year, **5** 0 prior year of bonds with G\* designation. **5\*** means the NAIC designation was assigned by the SVO due to trustee's certification that the bond is current as of principal and interest payment. **5\*\*** means the NAIC designation was assigned by the SVO due to trustee's certification that the bond is current as of principal and interest payment.

SCHEDULE D - PART 1A - SECTION 2

## Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

Distrubution by Type		1 Year or Less	2 Over 5 Years Through 10 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 & Line 10.7	9 % from Col. 7 Per Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. Governments, Schedules D & DA (Group 1)											
1.1	Issuer Obligations	9,041,501	5,925,248	41,676	14,956,759	66,1	732,339	3.8	14,566,749			
1.2	Single Class Mortgage-Backed/Asset-Backed Securities	527,579	224,778	85,176	43,675	464,573	2.1	125,772	5.4	484,271		
1.7	Total	9,569,160	6,150,026	85,176	2,950	55,451,020	68.3	1,918,111	9.2	15,451,020		0
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Issuer Obligations											
2.2	Single Class Mortgage-Backed/Asset-Backed Securities											
2.3	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3.1	Defined											
2.4	Other											
2.5	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED ASSET-BACKED SECURITIES:											
2.5.1	Defined											
2.6	Other											
2.7	Total	0	0	0	0	0	0	0	0	0	0	0
3.	States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)											
3.1	Issuer Obligations											
3.2	Single Class Mortgage-Backed/Asset-Backed Securities											
3.3	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3.1	Defined											
3.4	Other											
3.5	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED ASSET-BACKED SECURITIES:											
3.5.1	Defined											
3.6	Other											
3.7	Total	1,601,000	1,697,524	0	0	2,197,574	9.7	0	0	2,197,574		0
4.	Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Issuer Obligations											
4.2	Single Class Mortgage-Backed/Asset-Backed Securities											
4.3	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3.1	Defined											
4.4	Other											
4.5	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED ASSET-BACKED SECURITIES:											
4.5.1	Defined											
4.6	Other											
4.7	Total	0	0	0	0	0	0	0	0	0	0	0
5.	Special Revenue & Special Assessment Obligations, etc., Schedules D & DA (Group 5)											
5.1	Issuer Obligations	257,150	1,434,048	515,559	2,202,117	9.7	4,493,335	21.6	2,202,117			
5.2	Single Class Mortgage-Backed/Asset-Backed Securities	31,501	71,793	3,101	4,672	111,573	0.5	1,057,553	5.2	111,573		
5.3	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3.1	Defined											
5.4	Other											
5.5	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED ASSET-BACKED SECURITIES:											
5.5.1	Defined											
5.6	Other											
5.7	Total	233,051	1,434,201	516,600	4,672	0	2,213,790	10.2	5,550,000	26.9	2,313,790	0

**SCHEDULE D - PART 1A - SECTION 2 (continued)**

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and SubType of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Previously Traded	11 Total Previously Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issue Obligations											
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTICLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTICLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 Totals	0	0	0	0	0	0	0.0	0	0	0	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issue Obligations											
7.2 Single Class Mortgage Backed/Asset-Backed Securities											
MULTICLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined											
7.4 Other											
MULTICLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined											
7.6 Other											
7.7 Totals	1,334,932	1,255,305	101,203	0	0	2,672,535	11.8	13,273,345	63.9	2,672,536	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issue Obligations											
8.2 Totals	0	0	0	0	0	0	0.0	0	0	0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issue Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTICLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTICLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 Totals	0	0	0	0	0	0	0.0	0	0	0	0

**SCHEDULE D - PART 1A - SECTION 2 (continued)**

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

	1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10,7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations											
10.2 Single Class Mortgage-Backed/Asset-Backed Securities	10,233,205	9,203,838	515,539	0	0	20,082,886	55.6	0	0.0	20,082,887	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	159,480	296,577	88,577	43,350	2,960	595,544	2.6	300	0.0	595,544	0
10.3 Defined	0	0	0	0	0	0	0	0	0.0	0	0
10.4 Other	0	0	0	0	0	0	0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED											
ASSET-BACKED SECURITIES											
10.5 Defined	0	0	0	0	0	0	0	0	0.0	0	0
10.6 Other	0	0	0	0	0	0	0	0	0.0	0	0
10.7 Totals	11,288,083	10,590,187	705,359	43,350	2,960	22,534,915	100.0	300	0.0	22,534,915	0
10.8 Line 10,7 as a % of Col. 6	3.1	0.2	0.0	0.0	0.0	100.0	0.0	0.000	0.0	100.0	0.0
11. Total Bonds Prior Year											
11.1 Issuer Obligations	7,051,745	1,171,614	705,510	0	0	0	0.0	0	0.0	0	0.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	659,320	872,274	370,186	245,639	0	0	0	0	0.0	0	0.0
11.2 Single Class Mortgage-Backed/Asset-Backed Securities	77,755	328,783	213,291	0	0	0	0	0	0.0	0	0.0
11.3 Defined	0	0	0	0	0	0	0	0	0.0	0	0.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED											
ASSET-BACKED SECURITIES											
11.4 Other	0	0	0	0	0	0	0	0	0.0	0	0.0
11.5 Deferred	0	0	0	0	0	0	0	0	0.0	0	0.0
11.6 Other	0	0	0	0	0	0	0	0	0.0	0	0.0
11.7 Totals	9,002,434	6,728,035	1,881,573	970,155	2,102,075	0	0.0	0	0.0	0	0.0
11.8 Line 11.7 as a % of Col. 2	3.2	0.3	0.1	0.1	0.1	0.0	0.0	0.000	0.0	0.0	0.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	10,203,209	9,261,638	515,550	0	0	20,052,686	55.6	0	0.0	20,052,687	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	158,460	296,577	88,577	43,350	2,960	595,544	2.6	300	0.0	595,544	0
12.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0	0	0.0	0	0.0
12.3 Defined	0	0	0	0	0	0	0	0	0.0	0	0.0
12.4 Other	0	0	0	0	0	0	0	0	0.0	0	0.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED											
ASSET-BACKED SECURITIES											
12.5 Defined	0	0	0	0	0	0	0	0	0.0	0	0.0
12.6 Other	0	0	0	0	0	0	0	0	0.0	0	0.0
12.7 Totals	11,288,083	10,590,187	705,359	43,350	2,960	22,534,915	100.0	300	0.0	22,534,915	0
12.8 Line 12.7 as a % of Col. 6	3.1	0.2	0.0	0.0	0.0	100.0	0.0	0.000	0.0	100.0	0.0
12.9 Line 12.7 as a % of Line 13.7, Col. 6 Section 10	3.1	0.2	0.0	0.0	0.0	100.0	0.0	0.000	0.0	100.0	0.0
13. Total Privately Placed Bonds											
13.1 Issuer Obligations	0	0	0	0	0	0	0	0	0.0	0	0.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
13.2 Single Class Mortgage-Backed/Asset-Backed Securities											
13.3 Defined	0	0	0	0	0	0	0	0	0.0	0	0.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED											
ASSET-BACKED SECURITIES											
13.4 Other	0	0	0	0	0	0	0	0	0.0	0	0.0
13.5 Deferred	0	0	0	0	0	0	0	0	0.0	0	0.0
13.6 Other	0	0	0	0	0	0	0	0	0.0	0	0.0
13.7 Totals	0	0	0	0	0	0	0	0	0.0	0	0.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000	0.0	0.0	0.0
13.9 Line 13.7 as a % of Line 10,7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000	0.0	0.0	0.0

**SCHEDULE DA - PART 2****Verification of SHORT-TERM INVESTMENTS Between Years**

	1 Total	2 Bonds	3 Mortgage Loans	4 Other Short-Term Investment Assets (6)	5 Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year.....	6,951,825	.....	.....	.....	.....
2. Cost of short-term investments acquired.....	15,397,079	.....	15,397,079	.....	.....
3. Increase (decrease) by adjustment.....	(53,295)	.....	.....	.....	.....
4. Increase (decrease) by foreign exchange adjustment.....	0	.....	.....	.....	.....
5. Total profit (loss) on disposal of short-term investments.....	0	.....	.....	.....	.....
6. Consideration received on disposal of short-term investments.....	15,687,056	.....	15,687,056	.....	.....
7. Book/adjusted carrying value, current year.....	6,598,552	.....	6,598,552	0	0
II. Total valuation allowance.....	0	.....	.....	.....	.....
9. Subtotal (Lines 7 plus 8).....	6,598,552	.....	6,598,552	0	0
10. Total committed amount.....	0	.....	.....	.....	0
11. Statement value (Lines 9 minus 10).....	6,598,552	.....	6,598,552	0	0
12. Income collected during year.....	40,941	.....	40,941	.....	.....
13. Income earned during year.....	84,426	.....	84,426	.....	.....

(a) Indicates the category of such assets, for example, joint ventures, transportation equipment, etc.

Sch. DB-Pt. A-Verification Between Years  
NONE

Sch. DB-Pt. B-Verification Between Years  
NONE

Sch. DB-Pt. C-Verification Between Years  
NONE

Sch. DB-Pt. D-Verification Between Years  
NONE

Sch. DB-Pt. E-Verification  
NONE

Sch. DB-Pt. F-Sn. 1  
NONE

Sch. DB-Pt. F-Sn. 2  
NONE

Sch. F-Pt. 1  
NONE

Sch. F-Pt. 2  
NONE

## Washington Casualty Company In Rehabilitation

## SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	5	6	7	8	9	10	Reinsurance Recivable on Reserves	11	12	13	14	15	16	17	18	19
Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	Paid Premiums Ceded	Paid Losses Ceded	Paid DUE	Known Case Loss Reserves	Known Case LAE Reserves	BINR Loss Reserves	IBNR LAE Reserves	Unearned Premiums	Contingent Commissions	Ceded Balances Payable	Ceded Balances Totals	Other Amounts Due to Reinsurers	Net Amount Recoverable From Reinsurers Col. 15/(6+17)	Funds Held By Company Reinsurance Trustees	
Other U.S. Unaffiliated Insurers																			
15207105 30852		Employers Reinsurance Corporation	Kansas		1,331	234		192	1,759	43	1,602	162		10,138	15	10,423			
47-0088507 22890		Dayspring America Reinsurance	Contract of New York		873	438	86	37	188	3	2,025	651	104	3,588		3,588			
13-5616575 94153		Transatlantic Reinsurance Corporation	New York		851	30	851	70	675	16	2,384	545	62	3,087		3,087			
13-1290712 24553		XL Reinsurance Corporation	New York		3,303	322	3,303	305	150	2	2,039	502	70	2,357	410	0	(182)	3,893	
Other Non-U.S. Insurers																			
AG-1120355		CX Reinsurance Co. Ltd.	London, England		2	56	20	308	8	473	118			991	5	996			
AA-1128047		Lloyd's Syndicate 047	London, England												4	4	3	3	
AA-1128051		Lloyd's Syndicate 051	London, England												1	1	0	0	
AA-1128076		Lloyd's Syndicate 079	London, England												21	5	26	25	
AA-1128122		Lloyd's Syndicate 0722	London, England												3	1	1	3	
AA-1128138		Lloyd's Syndicate 0138	London, England												25	6	5	5	
AA-1128140		Lloyd's Syndicate 0205	London, England												19	5	5	5	
AA-1128205		Lloyd's Syndicate 0222	London, England												7	2	1	1	
AA-1128227		Lloyd's Syndicate 0362	London, England												17	9	1	8	
AA-1128352		Lloyd's Syndicate 0376	London, England												69	1	1	1	
AA-1128376		Lloyd's Syndicate 0415	London, England												39	10	1	1	
AA-1128435		Lloyd's Syndicate 0507	London, England												317	1	1	1	
AA-1128507		Lloyd's Syndicate 0529	London, England												62	2	1	1	
AA-1128529		Lloyd's Syndicate 0539	London, England												137	1	1	1	
AA-1128570		Lloyd's Syndicate 0722	London, England												62	1	1	1	
AA-1128727		Lloyd's Syndicate 0723	London, England												13	1	1	1	
AA-1128923		Lloyd's Syndicate 0947	London, England												155	4	45	45	
AA-1128947		Lloyd's Syndicate 0947	London, England												183	1	1	1	
AA-1128981		Lloyd's Syndicate 0991	London, England												15	2	2	2	
AA-1121007		Lloyd's Syndicates 1007	London, England												50	1	1	1	
AA-1121096		Lloyd's Syndicates 1096	London, England												33	2	1	1	
AA-1121141		Lloyd's Syndicate 1141	London, England												62	2	1	1	
AA-1121272		Lloyd's Syndicate 1212	London, England												53	1	1	1	
AA-1121273		Lloyd's Syndicate 1214	London, England												41	1	1	1	
AA-1121276		Lloyd's Syndicate 1236	London, England												41	1	1	1	
AA-1121276		Lloyd's Syndicate 1458	London, England												10	2	1	1	
AA-1121276		Lloyd's Syndicate 2347	London, England												7	2	1	1	
AA-1121425		Terra Nova Insurance Co. Ltd.	London, England												196	1	1	1	
AA-1121460		International American Insurance Co., Ltd.	London, England												10	554	138	527	
03089999		Total Authorized Non-U.S. Insurers			3,322	527	416	4,500	1,633	45	2,675	655	5	0	5,450	6	1,263	5	
Unauthorized					3,322	527	416	4,005	1,07	16,022	415	0	0	26,174	0	(157)	26,311	0	
Other Non-U.S. Insurers																			
AA-1120145		Astute Reinsurance Co. Ltd.	London, England												0	2	2	2	
AA-1120481		QBE International Insurance Ltd.	London, England												0	10	10	10	
AA-1320156		AXA Reinsurance	Paris, France												0	0	2	2	
11595940		Total Unauthorized Other Non-U.S. Insurers			0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11859999		Total Unauthorized and Unauthorized			0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11959999		Total Authorized and Unauthorized			3,322	647	416	4,500	1,07	16,022	415	0	0	26,174	0	(153)	26,317	0	
99599999		Total			3,322	647	416	4,005	1,07	16,022	415	0	0	26,174	0	(153)	26,317	0	

Note: Report the five largest proportional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with cedant premium in excess of \$50,000.

Washington Casualty Company [in Rehabilitation

SCHEDULE F - PART 3

Gced Reinsurance as of December 31, Current Year (000 Omitted)

## Washington Casualty Company In Rehabilitation

## SCHEDULE F - PART 4

Aging of Ceded Reinsurance as of December 31, Current Year (000 Omitted)

Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses					Total Due Col. 5 + 10	Total Overdue Col. 10 / Col. 11	Percentage Overdue Col. 10 / Col. 11
				4		5		Overage			
				6	7	8	9	10			
44-0697045	35045	Employee's Reinsurance Corporation	Kansas	432					426	0.0	0.0
47-0098507	23680	Courtesy America Reinsurance	Connecticut	37					37	0.0	0.0
13-5610275	18453	Transatlantic Reinsurance Corporation	New York	158					158	0.0	0.0
13-1291712	20583	XL Reinsurance Corporation	New York	30					30	0.0	0.0
0509288	Total Authorized - Other U.S. Unaffiliated Insurers			651	0	0	0	0	651	0.0	0.0
Other Non-U.S. Insurers											
AA-112355		CIA Reinsurance Co. Ltd.	London, England	74				10	10	44	113
AA-1126362		Lloyd's Syndicate 0362	London, England	10				0	0	0	0.0
AA-1126270		Lloyd's Syndicate 0376	London, England	7				0	0	0	0.0
AA-1126425		Lloyd's Syndicate 0435	London, England	54				0	0	0	0.0
AA-1126270		Lloyd's Syndicate 0570	London, England	10				0	0	0	0.0
AA-1126272		Lloyd's Syndicate 0727	London, England	37				0	0	0	0.0
AA-1126891		Lloyd's Syndicate 0891	London, England	10				0	0	0	0.0
AA-1127007		Lloyd's Syndicate 1007	London, England	20				0	0	0	0.0
AA-1127098		Lloyd's Syndicate 1098	London, England	16				0	0	0	0.0
AA-1121441		Lloyd's Syndicate 1141	London, England	20				0	0	0	0.0
AA-1121425		Terra Nova Insurance Co., Ltd.	London, England	50				0	0	0	0.0
AA-1121460		UnionAmerica Insurance Co., Ltd.	London, England	99				57	57	0	0.0
0828816				407	0	0	0	407	407	36.5	36.5
0509288	Total Authorized - Other Non-U.S. Insurers			1,559	0	0	0	1,559	1,559	14.1	14.1
1509288	Total Authorized and Unauthorized			1,558	0	0	0	1,558	1,558	6.0	6.0
9269869	Totals			1,558	0	0	0	1,558	1,558	6.0	6.0

**SCHEDULE F • PART 5**

Provision for Unauthorized Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Reinsurance Recoverables at Item 6 Schedule F, Part 3, Col. 15	5 Funds Held By Company Owner Reinsurance Trusted Treaties	6 Letters of Credit or Credit Lines	7 Closed Balances Payable	8 Miscellaneous Balances	9 Other Allowed Officer Items	10 Sum of Column 6 thru 10 but not in excess of Column 5	11 Subtotal Col. 5 minus Col. 11	12 Recoverable Paid Losses & LAE Expenses Over 90 Days Past Due not in Dispute	13 20% of Amount in Col. 13	14 15 Smaller of Col. 11 or Col. 14	16 Smaller of Col. 11 or 20% of Amount in Dispute Included in Col. 5	17 Total Provision for Unauthorized Reinsurance Smaller of Col. 5 or Col. 12 + 15 + 16	
<b>Other Non-U.S. Insurers</b>																
PA-1170545		Alberta Reinsurance Co. Ltd.....	.....10	.....10	.....10	.....10	.....2	.....2	.....2	.....0	.....0	.....0	.....0	.....0	.....0	.....0
PA-1120461		CAFE International Insurance Ltd.....	.....10	.....10	.....10	.....10	.....2	.....2	.....2	.....0	.....0	.....0	.....0	.....0	.....0	.....0
AV-1220035		AAA Reassurex.....	.....10	.....10	.....10	.....10	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
00959959		Telus Other Non-U.S. Insurers.....	.....10	.....10	.....10	.....10	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
00959959		Total Affiliates and Others.....	.....10	.....10	.....10	.....10	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
99999999	10000															

1. Amounts in dispute totaling \$.....0 are included in Column 5.

2. Amounts in dispute totaling \$.....0 are excluded from Column 13.

3. Column 5 excludes \$.....0 recoveries on ceded BMR on contracts in force prior to July 1, 1984 and rat subsequently renewed.

**SCHEDULE F - PART 6**

Provision for Overdue Authorized Reinsurance as of December 31, Current Year

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Reinsurance Recoverable on Paid Losses and L&E more than 90 Days Overdue [a]	5 Total Reinsurance Recoverable on Paid Losses and Paid L&E [b]	6 Amounts Received Prior 90 Days	7 Col. 4 divided by [Col. 5 * 10]	8 Amounts in Col. 4 for Companies Reporting less than 20% in Col. 7	9 Amounts in Dispute Excluded from Col. 4 for Companies Reporting less than 20% in Col. 7	10 20% of Amount in Col. 9	11 Amount Reported in Col. 8 x 20% + Col. 10
<b>Overdue Authorized Reinsurance</b>										
AA-1120355		CX Reinsurance Co. Ltd	9,572	64,000	.....	11.4	.....	9,572	.....	1,914
AA-112480		Underarmored Insurance Co. Ltd	9,572	98,706	.....	0.0	.....	0	.....	11,459
9929999	Totals		9,572	162,706	.....	5.2	.....	9,572	.....	13,373

(a) From Schedule F-Part 4 Columns 8 &amp; 9, total authorized less \$ 57,754 in dispute.

(b) From Schedule F-Part 3 Columns 7 &amp; 8, total authorized less \$ 57,754 in dispute.

SCHEDULE F - PART 7

Provision for Overdue Reinsurance as of December 31, Current Year

6. Provision for Reinsurance (sum Lines 4 + 5) [Enter this amount on Page 3 Line 17]

Annual Statement for the year 2003 of the Washington Casualty Company In Rehabilitation  
**SCHEDULE F - PART 8**  
 Restatement of Balance Sheet to Identify Net Credit for Reinsurance

	1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
<b>ASSETS (Page 2, Col. 3)</b>			
1. Cash and invested assets (Line 10).....	25,703,301		25,703,301
2. Premiums and considerations (Line 12).....	2,072,303		2,072,303
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 13.1).....	1,125,301	(1,125,301)	0
4. Funds held by or deposited with reinsured companies (Line 13.2).....			0
5. Other assets.....	354,828		354,828
6. Net amount recoverable from reinsurers.....		26,303,875	26,303,875
7. Totals (Line 26).....	29,255,733	25,178,574	54,434,307
<b>LIABILITIES (Page 3)</b>			
8. Losses and loss adjustment expenses (Lines 1 through 3).....	35,820,578	24,643,762	60,524,340
9. Taxes, expenses, and other obligations (Lines 4 through 6).....	238,357	133,444	371,801
10. Unearned premiums (Line 9).....	1,827,052	(414,741)	2,241,783
11. Advance premiums (Line 10).....	5		5
12. Dividends declared and unpaid (Line 11.1 and 11.2).....			0
13. Ceded reinsurance premiums payable (net of ceded commission) (Line 12).....			0
14. Funds held by company under reinsurance treaties (Line 13).....			0
15. Amounts withheld or retained by company for account of others (Line 14).....			0
16. Provision for reinsurance (Line 16).....	13,373	(13,373)	0
17. Other liabilities (Lines 15 and 17 through 23).....	48,555		48,555
18. Total liabilities excluding protected cell business (Line 28 minus Line 26).....	38,007,920	25,178,574	53,186,494
19. Surplus as regards policyholders (Line 35).....	(8,752,187)	XXX	(8,752,187)
20. Totals (Line 36).....	29,255,733	25,178,574	54,434,307

NOTE: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements? Yes [ ] No [ X ]

If yes, give full explanation:

Sch. H-Pt. 1  
NONE

Sch. H-Pt. 2  
NONE

Sch. H-Pt. 3  
NONE

Sch. H-Pt. 4  
NONE

Sch. H-Pt. 5  
NONE

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES****SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Eamed and Losses Were Incurred	Premiums Eamed			Loss and Loss Expense Payments								12 Number of Claims Reported-Direct and Assumed	
	Direct and Assumed	Ceded	Net (Cols. 1 + 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 + 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior	XXX	XXX	XXX										
2. 1994	12,547	277	12,370	4,856	519	1,754	50	701			2	XXX	
3. 1995	14,749	4,501	10,248	5,692	399	2,796	184	1,296			6,742	XXX	
4. 1996	17,681	4,283	13,408	15,325	4,651	4,768	404	1,204			8,501	XXX	
5. 1997	22,528	6,255	16,273	10,770	3,566	3,062	197	1,421			16,243	XXX	
6. 1998	23,775	9,097	14,678	24,138	8,872	5,018	725	1,221			20,780	XXX	
7. 1999	25,226	9,182	16,044	21,737	17,267	5,908	1,323	1,411			10,457	XXX	
8. 2000	26,022	8,273	17,749	14,882	4,137	4,598	200	1,424			10,545	XXX	
9. 2001	31,844	11,987	19,857	23,268	15,125	5,242	1,004	650			13,029	XXX	
10. 2002	27,414	10,572	16,842	2,714		1,318	52	614			4,594	XXX	
11. 2003	13,580	5,183	8,397	589		183		655			1,427	XXX	
12. Totals	XXX	XXX	XXX	123,950	55,136	35,248	4,139	10,597	0	30	110,520	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IJNR		Case Basis		Bulk + IJNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior												,0	XXX
2. 1994												,0	XXX
3. 1995	,45				,44							,93	XXX
4. 1996	,150				,4							,158	XXX
5. 1997	,209		,11	,2	,48		,3	,1	,5			,274	XXX
6. 1998	,115		,748	,312	,99		,187	,78	,23			,782	XXX
7. 1999	,2,248	,1,500	,1,796	,812	,255	,12	,448	,203	,33			,2,253	XXX
8. 2000	,1,431	,250	,3,634	,1,542	,366	,13	,909	,386	,47			,4,196	XXX
9. 2001	,5,012	,1,500	,10,366	,5,879	,924	,46	,2,592	,1,470	,185			,10,185	XXX
10. 2002	,5,198	,1,250	,8,609	,5,125	,1,012	,36	,2,402	,1,281	,417			,10,946	XXX
11. 2003	,1,430		,5,450	,2,358	,816		,1,383	,589	,901			,7,013	XXX
12. Totals	,15,838	,4,500	,31,614	,16,030	,3,568	,107	,7,904	,4,008	,1,601	0	0	,15,880	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Eamed)				Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	35 Losses Unpaid		36 Loss Expenses Unpaid	
	XXX	XXX	XXX	XXX	XXX	XXX						
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX		,0	,0
2. 1994	,7,311	,589	,6,742	,57.8	,205.4	,54.5					,0	,0
3. 1995	,9,877	,1,183	,8,694	,87.0	,26.3	,84.8					,45	,48
4. 1996	,21,458	,5,056	,16,401	,121.3	,118.0	,122.3					,150	,6
5. 1997	,16,130	,3,768	,12,364	,71.6	,60.2	,76.0					,218	,56
6. 1998	,31,549	,9,987	,21,562	,132.7	,109.6	,146.9					,551	,211
7. 1999	,33,837	,21,117	,12,720	,134.1	,230.0	,79.3					,1,732	,621
8. 2000	,27,269	,6,528	,20,741	,104.8	,78.0	,115.9					,3,273	,823
9. 2001	,48,216	,26,024	,23,194	,152.4	,208.8	,118.0					,7,999	,2,166
10. 2002	,23,284	,7,744	,15,540	,84.9	,73.3	,92.3					,5,432	,2,514
11. 2003	,11,387	,2,947	,8,440	,83.9	,56.9	,100.5					,4,522	,2,491
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX		26,922	,958

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
1. Prior.....	13,956	12,911	12,823	12,431	14,069	14,164	14,221	14,270	14,213	14,215	2	(55)
2. 1994.....	9,043	8,910	8,091	5,722	6,355	6,198	6,038	6,043	6,041	6,041	0	(2)
3. 1995.....	XXX	8,816	8,796	7,745	7,303	6,675	6,578	7,238	7,395	7,394	(1)	156
4. 1996.....	XXX	XXX	12,922	14,280	14,369	14,188	14,499	15,108	15,257	15,193	(64)	.84
5. 1997.....	XXX	XXX	XXX	12,144	10,465	10,346	9,862	11,034	11,198	10,058	(260)	(96)
6. 1998.....	XXX	XXX	XXX	XXX	11,384	12,628	12,667	13,204	20,587	20,319	(268)	7,115
7. 1999.....	XXX	XXX	XXX	XXX	XXX	10,791	12,711	14,331	10,650	11,276	.825	(3,055)
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	13,554	15,952	18,547	19,271	.724	3,319
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	17,519	23,143	22,378	(765)	4,759	
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,380	14,511	3,131	XXX	
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,885	XXX	XXX	
										12. Totals.....	1,125	12,225

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10		
1. Prior.....	000	5,380	8,761	10,452	12,607	13,301	14,174	14,183	14,213	14,215	XXX	XXX
2. 1994.....	704	2,673	4,334	4,967	5,853	6,031	6,034	6,039	6,041	6,041	XXX	XXX
3. 1995.....	XXX	477	1,653	3,334	5,479	6,082	6,574	7,191	7,210	7,305	XXX	XXX
4. 1996.....	XXX	XXX	927	4,474	8,709	12,590	13,318	14,425	14,990	15,039	XXX	XXX
5. 1997.....	XXX	XXX	XXX	717	2,889	6,851	8,528	8,285	10,287	10,669	XXX	XXX
6. 1998.....	XXX	XXX	XXX	XXX	1,819	6,311	9,028	11,650	18,768	19,559	XXX	XXX
7. 1999.....	XXX	XXX	XXX	XXX	XXX	1,158	5,293	9,861	8,003	9,056	XXX	XXX
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	1,365	6,667	12,833	15,121	XXX	XXX
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	2,518	8,852	12,379	XXX	XXX	
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,593	3,980	XXX	XXX	
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	772	XXX	XXX	

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										10
	1	2	3	4	5	6	7	8	9	10	
1. Prior.....	3,485	1,437	.689	170							
2. 1994.....	2,581	2,418	1,364	267	143						
3. 1995.....	XXX	4,350	2,747	475	505					105	
4. 1996.....	XXX	XXX	3,631	1,870	1,241	303	142	41	156		
5. 1997.....	XXX	XXX	XXX	5,841	3,485	1,648	627	102	251	11	
6. 1998.....	XXX	XXX	XXX	XXX	4,743	3,144	1,088	769	1,195	545	
7. 1999.....	XXX	XXX	XXX	XXX	XXX	6,117	3,742	1,839	1,991	1,229	
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	7,601	4,046	3,745	2,616	
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,700	8,315	5,810	
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,188	6,500	
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,865	

Sch. P-Pt. 1A  
NONE

Sch. P-Pt. 1B  
NONE

Sch. P-Pt. 1C  
NONE

Sch. P-Pt. 1D  
NONE

Sch. P-Pt. 1E  
NONE

## SCHEDULE P - PART 1F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	XXX	XXX	XXX								.0	XXX	
2. 1994.....			.0								.0		
3. 1995.....			.0								.0		
4. 1996.....			.0								.0		
5. 1997.....			.0	.278		.5		.11			.284	.4	
6. 1998.....			.0			.88		.18			.35	.5	
7. 1999.....			.0			.27		.27			.54	.5	
8. 2000.....	.530	.191	.389	.75		.156		.65			.297	.5	
9. 2001.....	1,714	.517	1,197	1,883	1,375	165	.39	.104			.738	.21	
10. 2002.....	6,310	2,830	3,680	494		153		.91			.768	.49	
11. 2003.....	1,528	.508	.920	.50		.62		.145			.257	.79	
12. Totals.....	XXX	XXX	XXX	2,780	1,375	666	.39	.462	.0	.0	2,494	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....												.0	
2. 1994.....												.0	
3. 1995.....												.0	
4. 1996.....												.0	
5. 1997.....		.11	.2				.3	.1	.3			.14	
6. 1998.....		.22	.7				.6	.2	.10			.29	
7. 1999.....		.109	.42				.27	.11				.83	
8. 2000.....		.278	.112				.70	.28	.3			.211	
9. 2001.....	.88	1,295	.389	.52		.324	.97	.11				1,293	.4
10. 2002.....	1,755	.500	3,080	1,550	234	.25	770	.367	.52			3,429	.15
11. 2003.....	.730		.602	.168	457		151	.42	.199			1,038	.82
12. Totals.....	2,580	.500	5,398	2,270	753	.25	1,351	.568	.278	.0	.0	6,997	.81

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nonactuarial Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX			.0	.0	.0
2. 1994.....	.0	.0	.0	.0	.0	.0				.0	.0
3. 1995.....	.0	.0	.0	.0	.0	.0				.0	.0
4. 1996.....	.0	.0	.0	.0	.0	.0				.0	.0
5. 1997.....	.311	.3	.308	.0.0	.0.0	.0.0				.9	.5
6. 1998.....	.124	.9	.115	.0.0	.0.0	.0.0				.15	.14
7. 1999.....	.190	.53	.137	.0.0	.0.0	.0.0				.67	.10
8. 2000.....	.648	.140	.508	.95.3	.73.3	.103.9				.166	.45
9. 2001.....	3,031	1,800	2,031	229.3	167.5	169.7				.991	.300
10. 2002.....	6,665	2,462	4,197	105.5	93.8	114.0				2,785	.644
11. 2003.....	2,405	.210	2,195	159.7	41.2	.219.9				1,173	.765
12. Totals.....	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	XXX	5,208	1,789

## Annual Statement for the year 2003 of the Washington Casualty Company In Rehabilitation

## SCHEDULE P - PART 1F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments									12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments			Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded					
1. Prior.....	XXX	XXX	XXX				2					2	XXX	
2. 1994.....	10,750	235	10,515	3,824	519	1,366	50	597				5,218	323	
3. 1995.....	12,537	3,825	8,711	5,016	909	1,923	184	1,101				6,857	295	
4. 1996.....	15,037	3,540	11,397	13,847	4,651	3,558	404	1,035				13,385	464	
5. 1997.....	19,149	5,317	13,832	8,306	1,080	2,775	138	1,172			30	9,145	495	
6. 1998.....	20,208	7,717	12,491	23,008	8,814	4,239	715	1,059				18,775	484	
7. 1999.....	21,442	7,805	13,637	21,333	17,265	5,402	1,323	1,102				9,249	543	
8. 2000.....	20,208	6,172	14,036	14,207	4,137	4,061	200	1,280				15,211	965	
9. 2001.....	24,649	10,110	14,539	20,171	13,750	4,415	965	441				10,312	944	
10. 2002.....	17,290	6,894	10,395	1,987		998	52	451				3,394	528	
11. 2003.....	9,770	3,868	5,902	77		80		459				518	251	
12. Totals.....	XXX	XXX	XXX	111,844	53,195	28,819	4,031	8,727	0	30	92,164	XXX		

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....												0	
2. 1994.....												0	
3. 1995.....	45				44							92	2
4. 1996.....	150				4							158	1
5. 1997.....	0				24							33	1
6. 1998.....	105		581	244	94		136	57	17			632	8
7. 1999.....	2,248	1,500	1,350	616	239	12	318	144	32			1,913	13
8. 2000.....	1,426	250	2,685	1,144	358	13	629	268	41			3,464	16
9. 2001.....	4,821	1,500	7,256	4,392	814	46	1,701	1,029	142			7,787	54
10. 2002.....	3,393	750	5,223	2,660	689	11	1,224	670	331			8,569	50
11. 2003.....	678		3,873	1,752	322		909	411	631			4,253	93
12. Totals.....	12,873	4,000	20,973	11,008	2,588	52	4,915	2,579	1,201	0	0	24,881	738

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nonlatabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0
2. 1994.....	5,787	569	5,218	53.8	242.1	49.6				0	0
3. 1995.....	3,132	1,183	8,949	64.9	30.9	79.8				45	47
4. 1996.....	18,598	5,055	13,543	123.7	138.9	118.8				150	5
5. 1997.....	12,376	3,198	9,178	64.6	60.1	66.4				9	24
6. 1998.....	29,237	9,830	19,407	144.7	127.4	155.4				442	190
7. 1999.....	32,022	20,860	11,162	149.3	267.3	81.9				1,482	431
8. 2000.....	24,887	8,012	18,875	122.2	.07.4	133.1				2,717	747
9. 2001.....	30,761	21,682	18,079	151.3	314.5	124.3				6,185	1,582
10. 2002.....	14,306	4,343	9,963	52.7	63.0	95.8				5,006	1,583
11. 2003.....	7,032	2,163	4,869	72.0	56.9	82.5				2,802	1,451
12. Totals.....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	18,038	6,043

Sch. P-Pt. 1G  
NONE

Sch. P-Pt. 1H-Sn. 1  
NONE

**SCHEDULE P - PART 1H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE**

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported-Direct and Assumed	
	Direct and Assumed	Ceded	Net (Cols. 1 + 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 + 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior	XXX	XXX	XXX								0	XXX	
2. 1994	1,897	42	1,855	1,032		388		.104			1,624	137	
3. 1995	2,212	675	1,537	678		873		.195			1,744	179	
4. 1996	2,664	643	2,011	1,479		1,210		.169			2,858	208	
5. 1997	3,379	938	2,441	2,098	505	882	.59	.238			2,651	217	
6. 1998	1,567	1,380	2,187	1,132	.55	711	10	.144			1,919	235	
7. 1999	3,784	1,377	2,407	404	.2	480		.282			1,164	150	
8. 2000	5,134	1,910	3,224	.560		379		.78			1,037	35	
9. 2001	5,281	1,360	3,921	1,212		662		.105			1,979	117	
10. 2002	3,814	1,048	2,766	.253		137		.42			432	57	
11. 2003	2,704	807	1,497	.462		41		.51			554	28	
12. Totals	XXX	XXX	XXX	8,326	.566	5,783	.69	1,408	.0	0	15,882	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior												0	
2. 1994												0	
3. 1995												1	
4. 1996												0	
5. 1997	200				25							223	2
6. 1998	10		148	.61	5		45	.19	(4)			122	1
7. 1999			337	154	15		105	48	.1			257	1
8. 2000	.5		671	286	8		210	.89	.3			522	1
9. 2001	105		1,814	1,098	47		567	343	.13			1,105	4
10. 2002	50		1,306	.715	.90		408	223	.34			950	4
11. 2003	18		970	438	33		303	137	.71			823	9
12. Totals	385	0	5,243	2,752	230	0	1,638	859	122	0	0	4,008	22

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nonfabular Discount			34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	35 Losses Unpaid	36 Loss Expenses Unpaid		
										34	35	
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX					XXX	0
2. 1994	1,524	0	1,524	59.3	0.0	62.2					0	0
3. 1995	1,745	0	1,745	78.9	0.0	113.5					0	1
4. 1996	2,858	0	2,858	107.7	0.0	142.1					0	0
5. 1997	3,444	.565	2,879	101.9	.602	117.9					200	.28
6. 1998	2,189	148	2,041	61.4	10.7	93.3					94	.28
7. 1999	1,825	204	1,421	42.9	14.8	58.0					183	.74
8. 2000	1,934	375	1,559	37.7	19.6	45.4					150	132
9. 2001	4,525	1,441	3,084	35.7	106.0	.78.7					821	284
10. 2002	2,320	938	1,382	50.8	89.5	50.0					541	309
11. 2003	1,952	575	1,377	34.7	71.3	62.0					548	275
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	XXX	2,577	1,131

**Sch. P-Pt. 1I**

**NONE**

**Sch. P-Pt. 1J**

**NONE**

**Sch. P-Pt. 1K**

**NONE**

**Sch. P-Pt. 1L**

**NONE**

**Sch. P-Pt. 1M**

**NONE**

**Sch. P-Pt. 1N**

**NONE**

**Sch. P-Pt. 1O**

**NONE**

**Sch. P-Pt. 1P**

**NONE**

**Sch. P-Pt. 1R-Sn. 1**

**NONE**

**Sch. P-Pt. 1R-Sn. 2**

**NONE**

**Sch. P-Pt. 1S**

**NONE**

**Sch. P-Pt. 2A**

**NONE**

**Sch. P-Pt. 2B**

**NONE**

**Sch. P-Pt. 2C**

**NONE**

**Sch. P-Pt. 2D**

**NONE**

**Sch. P-Pt. 2E**

**NONE**

**SCHEDULE P - PART 2F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE**

Years in Which Losses Were Incurred	Inured Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										Development	
	1	2	3	4	5	6	7	8	9	10	11	12
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	One Year	Two Year
1. Prior.....			424	129	3						0	0
2. 1994.....											0	0
3. 1995.....	XXX									2	(2)	0
4. 1996.....	XXX	XXX					2	1			0	(1)
5. 1997.....	XXX	XXX	XXX				21	5	20	294	274	289
6. 1998.....	XXX	XXX	XXX	XXX			10	114	91	37	(4)	(27)
7. 1999.....	XXX	XXX	XXX	XXX	XXX		37	189	281	110	(151)	(59)
8. 2000.....	XXX	XXX	XXX	XXX	XXX	168	930	592	439	(153)	(161)	
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	844	1,852	1,916	64	1,272	
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,335	4,054	1,719	XXX	
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,851	XXX	XXX	
										12. Totals	1,747	953

**SCHEDULE P - PART 2F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE**

ANNUAL SECTION 1 MEDICAL MALPRACTICE - CLAIMS MADE												
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	
1. Prior....	11,681	10,982	10,548	10,926	12,582	12,516	12,763	12,812	12,755	12,757	2	(55)
2. 1994....	8,083	7,895	6,214	5,185	4,913	4,798	4,618	4,823	4,621	4,621	0	(2)
3. 1995....	XXX	8,053	7,132	5,487	5,890	5,435	5,440	5,732	5,875	5,845	(30)	113
4. 1996....	XXX	XXX	10,459	11,851	11,531	11,481	11,766	12,399	12,552	12,504	(48)	105
5. 1997....	XXX	XXX	XXX	9,857	8,440	8,122	7,521	8,470	8,669	8,006	(653)	(464)
6. 1998....	XXX	XXX	XXX	XXX	8,490	10,797	11,150	11,445	18,603	18,331	(272)	6,386
7. 1999....	XXX	XXX	XXX	XXX	XXX	9,318	11,250	13,000	9,370	10,028	656	(2,972)
8. 2000....	XXX	XXX	XXX	XXX	XXX	XXX	11,523	13,473	16,882	17,354	492	3,881
9. 2001....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,108	18,758	17,496	(1,282)	3,385
10. 2002....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,430	9,151	721	XXX
11. 2003....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,779	XXX	XXX
12. Totals											(402)	10,880

**SCHEDULE P - PART 2G - SPECIAL LIABILITY (OCEAN MARINE,  
AIRCRAFT (ALL PERILS), BOILER & MACHINERY)**

COST OF REVENUE, EQUIPMENT & MACHINERY												
1. Prior.....											0	0
2. 1994.....											0	0
3. 1995.....	XXX										0	0
4. 1996.....	XXX	XXX									0	0
5. 1997.....	XXX	XXX	XXX								0	0
6. 1998.....	XXX	XXX	XXX	XXX							0	0
7. 1999.....	XXX	XXX	XXX	XXX	XXX						0	0
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
11. 2003.....	XXX		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX

**SCHEDULE P - PART 2H - SECTION 1 - OTHER LIABILITY - OCCURRENCE**

**SCHEDULE P - PART 2H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE**

	1. Prior	2,277	1,929	1,551	1,375	1,404	1,348	1,458	1,458	1,458	1,458	0	0
2. 1994		980	-1,015	1,577	1,537	1,442	1,388	1,420	1,420	1,420	1,420	0	0
3. 1995		XXX	783	1,264	1,258	1,413	1,240	1,438	1,506	1,518	1,549	31	43
4. 1996		XXX	XXX	2,463	2,409	2,838	2,727	2,731	2,709	2,705	2,639	(16)	(20)
5. 1997		XXX	XXX	XXX	2,277	2,025	2,224	2,320	2,559	2,509	2,638	129	79
6. 1998		XXX	XXX	XXX	XXX	1,894	1,831	1,527	1,645	1,893	1,901	8	256
7. 1999		XXX	XXX	XXX	XXX	XXX	1,475	1,424	1,162	1,019	1,138	119	(24)
8. 2000		XXX	XXX	XXX	XXX	XXX	XXX	1,663	1,549	1,093	1,478	365	(71)
9. 2001		XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,887	2,533	2,955	433	99
10. 2002		XXX	XXX	XXX	XXX	XXX	XXX	XXX	615	1,306	691	XXX	
11. 2003		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,255	XXX		
											12. Totals	1,780	362

Sch. P-Pt. 2I

NONE

Sch. P-Pt. 2J

NONE

Sch. P-Pt. 2K

NONE

Sch. P-Pt. 2L

NONE

Sch. P-Pt. 2M

NONE

Sch. P-Pt. 2N

NONE

Sch. P-Pt. 2O

NONE

Sch. P-Pt. 2P

NONE

Sch. P-Pt. 2R-Sn. 1

NONE

Sch. P-Pt. 2R-Sn. 2

NONE

Sch. P-Pt. 2S

NONE

Sch. P-Pt. 3A

NONE

Sch. P-Pt. 3B

NONE

Sch. P-Pt. 3C

NONE

Sch. P-Pt. 3D

NONE

Sch. P-Pt. 3E

NONE

**Washington Casualty Company In Rehabilitation****SCHEDULE P - PART 3F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE**

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003		
1. Prior.....	000											
2. 1994....												
3. 1995....	XXX											
4. 1996....	XXX	XXX										
5. 1997....	XXX	XXX	XXX									
6. 1998....	XXX	XXX	XXX	XXX								
7. 1999....	XXX	XXX	XXX	XXX	XXX							
8. 2000....	XXX	XXX	XXX	XXX	XXX							
9. 2001....	XXX	XXX	XXX	XXX	XXX							
10. 2002....	XXX	XXX	XXX	XXX	XXX							
11. 2003....	XXX	XXX	XXX	XXX	XXX							

**SCHEDULE P - PART 3F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE**

1. Prior.....	000	4,546	7,712	9,223	11,308	11,993	12,716	12,725	12,755	12,757	50	.238
2. 1994....	535	2,205	3,284	3,783	4,516	4,643	4,814	4,819	4,821	4,821	65	.258
3. 1995....	XXX	477	1,430	2,573	4,418	4,889	5,190	5,711	5,714	5,756	61	.232
4. 1996....	XXX	XXX	583	3,403	7,601	9,911	11,111	11,720	12,285	12,350	99	.364
5. 1997....	XXX	XXX	XXX	534	2,168	5,588	6,543	6,932	7,861	7,973	90	.404
6. 1998....	XXX	XXX	XXX	XXX	1,415	5,322	7,841	10,245	17,030	17,715	97	.379
7. 1999....	XXX	XXX	XXX	XXX	XXX	829	4,892	9,017	5,895	8,147	133	.497
8. 2000....	XXX	XXX	XXX	XXX	XXX	XXX	1,074	5,823	11,905	13,931	121	.828
9. 2001....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,640	6,684	9,871	159	.731
10. 2002....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,299	2,913	71	.407
11. 2003....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	157	12	146	

**SCHEDULE P - PART 3G - SPECIAL LIABILITY (OCEAN MARINE,  
AIRCRAFT (ALL PERILS), BOILER AND MACHINERY)**

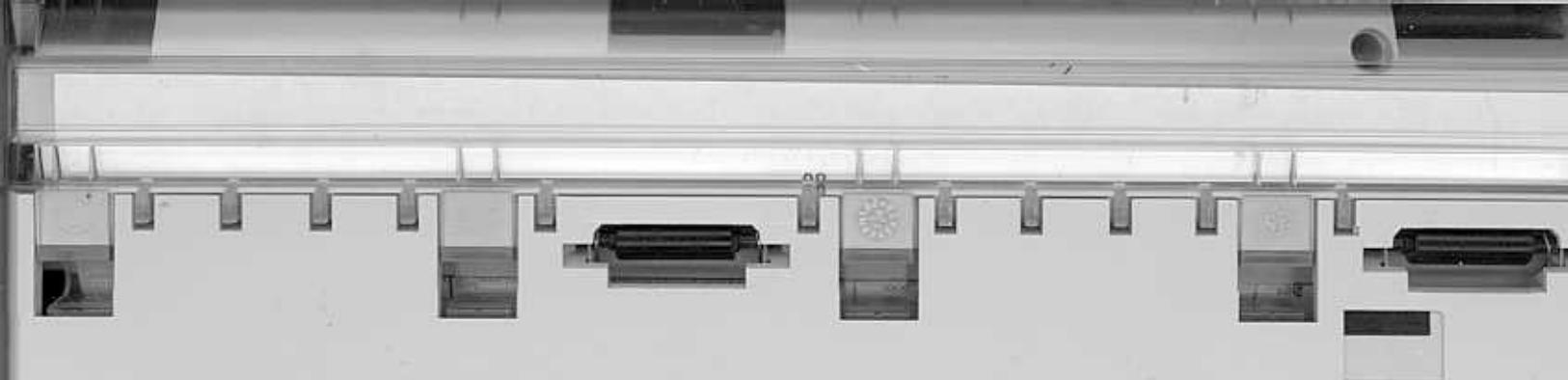
1. Prior.....	000										XXX	XXX
2. 1994....											XXX	XXX
3. 1995....	XXX										XXX	XXX
4. 1996....	XXX	XXX									XXX	XXX
5. 1997....	XXX	XXX	XXX								XXX	XXX
6. 1998....	XXX	XXX	XXX	XXX							XXX	XXX
7. 1999....	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2000....	XXX	XXX	XXX	XXX	XXX						XXX	XXX
9. 2001....	XXX	XXX	XXX	XXX	XXX						XXX	XXX
10. 2002....	XXX	XXX	XXX	XXX	XXX						XXX	XXX
11. 2003....	XXX	XXX	XXX	XXX	XXX						XXX	XXX

**SCHEDULE P - PART 3H - SECTION 1 - OTHER LIABILITY - OCCURRENCE**

1. Prior.....	000										XXX	XXX
2. 1994....											XXX	XXX
3. 1995....	XXX										XXX	XXX
4. 1996....	XXX	XXX									XXX	XXX
5. 1997....	XXX	XXX	XXX								XXX	XXX
6. 1998....	XXX	XXX	XXX	XXX							XXX	XXX
7. 1999....	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2000....	XXX	XXX	XXX	XXX	XXX						XXX	XXX
9. 2001....	XXX	XXX	XXX	XXX	XXX						XXX	XXX
10. 2002....	XXX	XXX	XXX	XXX	XXX						XXX	XXX
11. 2003....	XXX	XXX	XXX	XXX	XXX						XXX	XXX

**SCHEDULE P - PART 3H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE**

1. Prior....	000	.844	1,069	1,229	1,238	1,308	1,458	1,458	1,458	1,458	.49	.58
2. 1994....	169	487	1,070	1,174	1,367	1,388	1,420	1,420	1,420	1,420	.56	.81
3. 1995....	XXX		523	.761	1,061	1,193	1,384	1,400	1,496	1,549	.62	.117
4. 1996....	XXX	XXX	344	1,071	2,108	2,679	2,705	2,705	2,705	2,689	.77	.131
5. 1997....	XXX	XXX	XXX	183	712	1,253	1,987	2,358	2,428	2,413	.71	.144
6. 1998....	XXX	XXX	XXX	XXX	404	989	1,187	1,393	1,722	1,775	.93	.141
7. 1999....	XXX	XXX	XXX	XXX	XXX	229	600	817	881	882	.55	.104
8. 2000....	XXX	XXX	XXX	XXX	XXX	XXX	269	748	798	959	.5	.28
9. 2001....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	765	1,648	1,874	.29	.84
10. 2002....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	144	390	.9	.44
11. 2003....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	503	2	.17



Sch. P-Pt. 3I  
NONE

Sch. P-Pt. 3J  
NONE

Sch. P-Pt. 3K  
NONE

Sch. P-Pt. 3L  
NONE

Sch. P-Pt. 3M  
NONE

Sch. P-Pt. 3N  
NONE

Sch. P-Pt. 3O  
NONE

Sch. P-Pt. 3P  
NONE

Sch. P-Pt. 3R-Sn. 1  
NONE

Sch. P-Pt. 3R-Sn. 2  
NONE

Sch. P-Pt. 3S  
NONE

Sch. P-Pt. 4A  
NONE

Sch. P-Pt. 4B  
NONE

Sch. P-Pt. 4C  
NONE

Sch. P-Pt. 4D  
NONE

Sch. P-Pt. 4E  
NONE

**SCHEDULE P - PART 4F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE**

Years in Which Losses Were Incurred	Bulk and BNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$'000 omitted)									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX				
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX				

**SCHEDULE P - PART 4F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE**

1. Prior.....	2,733	1,325	.494	.145						
2. 1994.....	2,257	2,048	1,122	.244	.121					
3. 1995.....	XXX	3,617	2,262	.744	.432					
4. 1996.....	XXX	XXX	2,989	1,590	1,055	.257	.114	.36	.156	
5. 1997.....	XXX	XXX	XXX	5,050	2,982	1,401	.534	.84	.203	
6. 1998.....	XXX	XXX	XXX	XXX	4,032	2,571	.805	.630	.1,078	.416
7. 1999.....	XXX	XXX	XXX	XXX	XXX	5,200	3,147	1,486	1,650	.906
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	8,378	3,156	3,115	.1,902
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,861	6,518	.3,538
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,395	.2,917
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.624

**SCHEDULE P - PART 4G - SPECIAL LIABILITY (OCEAN MARINE,  
AIRCRAFT (ALL PERILS), BOILER AND MACHINERY)**

1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX						
8. 2000.....	XXX	XXX	XXX	XXX						
9. 2001.....	XXX	XXX	XXX	XXX						
10. 2002.....	XXX	XXX	XXX	XXX						
11. 2003.....	XXX	XXX	XXX	XXX						

**SCHEDULE P - PART 4H - SECTION 1 - OTHER LIABILITY - OCCURRENCE**

1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX						
8. 2000.....	XXX	XXX	XXX	XXX						
9. 2001.....	XXX	XXX	XXX	XXX						
10. 2002.....	XXX	XXX	XXX	XXX						
11. 2003.....	XXX	XXX	XXX	XXX						

**SCHEDULE P - PART 4H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE**

1. Prior.....	.752	.112	.195	.25						
2. 1994.....	.324	.368	.242	.43	.22					
3. 1995.....	XXX	763	485	.131	.76					
4. 1996.....	XXX	XXX	642	.280	.165	.45	.28	.4		
5. 1997.....	XXX	XXX	XXX	.591	523	.247	.89	.11	.26	
6. 1998.....	XXX	XXX	XXX	XXX	711	.473	.173	.104	.42	.110
7. 1999.....	XXX	XXX	XXX	XXX	XXX	.917	.585	.245	.107	.240
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	1,160	.664	.288	.506
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,242	.653	.940
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.33	.776
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.695	

Sch. P-Pt. 4I

NONE

Sch. P-Pt. 4J

NONE

Sch. P-Pt. 4K

NONE

Sch. P-Pt. 4L

NONE

Sch. P-Pt. 4M

NONE

Sch. P-Pt. 4N

NONE

Sch. P-Pt. 4O

NONE

Sch. P-Pt. 4P

NONE

Sch. P-Pt. 4R-Sn. 1

NONE

Sch. P-Pt. 4R-Sn. 2

NONE

Sch. P-Pt. 4S

NONE

Sch. P-Pt. 5A-Sn. 1

NONE

Sch. P-Pt. 5A-Sn. 2

NONE

Sch. P-Pt. 5A-Sn. 3

NONE

Sch. P-Pt. 5B-Sn. 1

NONE

Sch. P-Pt. 5B-Sn. 2

NONE

Sch. P-Pt. 5B-Sn. 3

NONE

Sch. P-Pt. 5C-Sn. 1

NONE

Sch. P-Pt. 5C-Sn. 2

NONE

Sch. P-Pt. 5C-Sn. 3

NONE

Sch. P-Pt. 5D-Sn. 1  
NONE

Sch. P-Pt. 5D-Sn. 2  
NONE

Sch. P-Pt. 5D-Sn. 3  
NONE

Sch. P-Pt. 5E-Sn. 1  
NONE

Sch. P-Pt. 5E-Sn. 2  
NONE

Sch. P-Pt. 5E-Sn. 3  
NONE

**SCHEDULE P - PART 5F - MEDICAL MALPRACTICE - OCCURRENCE****SECTION 1A**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Number of Claims Closed with Loss Payment Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	1	1	2	2
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	2	3	4	
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3	7	
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3

**SECTION 2A**

Years in Which Premiums Were Earned and Losses Were Incurred	Number of Claims Outstanding Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX					1	(1)	
6. 1998.....	XXX	XXX	XXX	XXX				2		
7. 1999.....	XXX	XXX	XXX	XXX	XXX		3			
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	5	4	1	
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8	7	4
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23	15
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	52

**SECTION 3A**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Number of Claims Reported Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX					3	2	3
6. 1998.....	XXX	XXX	XXX	XXX				3	1	5
7. 1999.....	XXX	XXX	XXX	XXX	XXX		7	5	5	5
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	13	8	6	8
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11	19	21
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	34	40
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	79

**SCHEDULE P - PART 5F - MEDICAL MALPRACTICE - CLAIMS-MADE****SECTION 1B**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Number of Claims Closed with Loss Payment Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....	312	89	70	94	5	1	2	1	1	1
2. 1994.....	23	42	42	56	61	52	64	65	65	65
3. 1995.....	XXX	24	24	41	51	55	61	61	61	61
4. 1996.....	XXX	XXX	XXX	50	77	91	97	97	98	99
5. 1997.....	XXX	XXX	XXX	25	45	65	84	85	89	90
6. 1998.....	XXX	XXX	XXX	XXX	25	54	79	88	95	97
7. 1999.....	XXX	XXX	XXX	XXX	XXX	22	95	110	125	133
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	50	65	107	121
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	78	132	159
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	40	71
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12

**SECTION 2B**

Years in Which Premiums Were Earned and Losses Were Incurred	Number of Claims Outstanding Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....	98	64	31	18	4	3	1	1	1	1
2. 1994.....	168	55	31	17	3	3	1	1	1	1
3. 1995.....	XXX	197	83	38	19	12	5	(4)	2	2
4. 1996.....	XXX	XXX	282	115	42	16	10	(5)	3	1
5. 1997.....	XXX	XXX	XXX	323	89	38	19	(7)	5	1
6. 1998.....	XXX	XXX	XXX	XXX	298	89	36	(12)	17	8
7. 1999.....	XXX	XXX	XXX	XXX	XXX	296	111	(71)	23	13
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	384	(297)	29	16
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	581	105	54
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	211	50
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	93

**SECTION 3B**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Number of Claims Reported Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....	1,002	102	(33)	32	5	1	1	(1)	1	1
2. 1994.....	292	315	291	316	318	323	323	322	323	323
3. 1995.....	XXX	318	164	330	295	295	295	289	295	295
4. 1996.....	XXX	XXX	282	434	434	484	484	454	464	464
5. 1997.....	XXX	XXX	XXX	469	469	497	497	477	497	495
6. 1998.....	XXX	XXX	XXX	XXX	431	479	479	443	486	484
7. 1999.....	XXX	XXX	XXX	XXX	XXX	528	639	528	642	643
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	913	558	963	965
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	910	941	944
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	508	528
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	251

**Washington Casualty Company in Rehabilitation****SCHEDULE P - PART 5H - OTHER LIABILITY - OCCURRENCE****SECTION 1A**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Number of Claims Closed with Loss Payment Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**SECTION 2A**

Years in Which Premiums Were Earned and Losses Were Incurred	Number of Claims Outstanding Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**SECTION 3A**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Number of Claims Reported Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX	XXX					
7. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX				
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**NONE**

**SCHEDULE P - PART 5H - OTHER LIABILITY - CLAIMS-MADE****SECTION 1B**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Number of Claims Closed with Loss Payment Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....	295	82	47	60		1	20			
2. 1994.....	34	42	42	54	55	56	56	58	58	58
3. 1995.....	XXX	23	23	53	55	59	80	81	81	82
4. 1996.....	XXX	XXX		50	69	76	77	77	77	77
5. 1997.....	XXX	XXX	XXX	31	51	64	69	69	71	71
6. 1998.....	XXX	XXX	XXX	XXX	44	73	88	90	92	93
7. 1999.....	XXX	XXX	XXX	XXX	XXX	46	51	53	55	55
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	4	4	5	6
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	9	25	29	
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2	9	
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2

**SECTION 2B**

Years in Which Premiums Were Earned and Losses Were Incurred	Number of Claims Outstanding Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....	34	17	9	2	2	1				
2. 1994.....	56	21	11	6	1					
3. 1995.....	XXX	73	21	13	6	1				
4. 1996.....	XXX	XXX	120	41	8	1	2		1	
5. 1997.....	XXX	XXX	XXX	111	34	14	4		1	2
6. 1998.....	XXX	XXX	XXX	XXX	93	25	7		1	1
7. 1999.....	XXX	XXX	XXX	XXX	XXX	.81	12		1	1
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	38		2	1
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	36	9	4
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23		4
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9

**SECTION 3B**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Number of Claims Reported Direct and Assumed at Year End									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....	592	33	[8]	9	2					
2. 1994.....	131	137	127	130	136	137	137	137	137	137
3. 1995.....	XXX	117	65	131	175	177	179	178	179	179
4. 1996.....	XXX	XXX	120	190	190	208	208	208	208	208
5. 1997.....	XXX	XXX	XXX	195	195	215	215	213	216	217
6. 1998.....	XXX	XXX	XXX	XXX	186	238	238	234	237	235
7. 1999.....	XXX	XXX	XXX	XXX	XXX	159	159	157	160	160
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	67	30	35	35
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	88	116	117
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	55		57
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	28

Sch. P-Pt. 5R-Sn. 1A  
NONE

Sch. P-Pt. 5R-Sn. 2A  
NONE

Sch. P-Pt. 5R-Sn. 3A  
NONE

Sch. P-Pt. 5R-Sn. 1B  
NONE

Sch. P-Pt. 5R-Sn. 2B  
NONE

Sch. P-Pt. 5R-Sn. 3B  
NONE

Sch. P-Pt. 6C-Sn. 1  
NONE

Sch. P-Pt. 6C-Sn. 2  
NONE

Sch. P-Pt. 6D-Sn. 1  
NONE

Sch. P-Pt. 6D-Sn. 2  
NONE

Sch. P-Pt. 6E-Sn. 1  
NONE

Sch. P-Pt. 6E-Sn. 2  
NONE

Sch. P-Pt. 6H-Sn. 1A  
NONE

Sch. P-Pt. 6H-Sn. 2A  
NONE

**SCHEDULE P - PART 6H - OTHER LIABILITY - CLAIMS-MADE****SECTION 1B**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Direct and Assumed at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003	
1. Prior											
2. 1994	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	1,897	
3. 1995	XXX	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	
4. 1996	XXX	XXX	2,654	2,654	2,654	2,654	2,654	2,654	2,654	2,654	
5. 1997	XXX	XXX	XXX	3,379	3,379	3,379	3,379	3,379	3,379	3,379	
6. 1998	XXX	XXX	XXX	XXX	3,567	3,567	3,567	3,567	3,567	3,567	
7. 1999	XXX	XXX	XXX	XXX	3,784	3,784	3,784	3,784	3,784	3,784	
8. 2000	XXX	XXX	XXX	XXX	XXX	5,134	5,134	5,134	5,134	5,134	
9. 2001	XXX	XXX	XXX	XXX	XXX	XXX	5,180	5,180	5,180	5,180	
10. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,802	3,802	3,802	
11. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,304	2,304	
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,304
13. Earned Prem. (P-Pt 1)	1,897	2,212	2,654	3,379	3,567	3,784	5,134	5,281	3,814	2,304	XXX

**SECTION 2B**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Ceded at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003	
1. Prior											
2. 1994	.42	.42	.42	.42	.42	.42	.42	.42	.42	.42	
3. 1995	XXX	675	675	675	675	675	675	675	675	675	
4. 1996	XXX	XXX	643	643	643	643	643	643	643	643	
5. 1997	XXX	XXX	XXX	938	938	938	938	938	938	938	
6. 1998	XXX	XXX	XXX	XXX	1,380	1,380	1,380	1,380	1,380	1,380	
7. 1999	XXX	XXX	XXX	XXX	XXX	1,377	1,377	1,377	1,377	1,377	
8. 2000	XXX	XXX	XXX	XXX	XXX	XXX	2,182	2,182	2,182	2,182	
9. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,260	1,260	1,260	
10. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,036	1,036	1,036	
11. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	807	807	
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	807
13. Earned Prem. (P-Pt 1)	.42	675	643	938	1,380	1,377	1,910	1,360	1,048	807	XXX

**SCHEDULE P - PART 6M - INTERNATIONAL****SECTION 1**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Direct and Assumed at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003	
1. Prior											
2. 1994											0
3. 1995	XXX										0
4. 1996	XXX	XXX									0
5. 1997	XXX	XXX	XXX								0
6. 1998	XXX	XXX	XXX	XXX							0
7. 1999	XXX	XXX	XXX	XXX	XXX						0
8. 2000	XXX	XXX	XXX	XXX	XXX	XXX					0
9. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0
10. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0
11. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
13. Earned Prem. (P-Pt 1)											XXX

**SECTION 2**

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Premiums Earned Ceded at Year End (\$000 omitted)										11 Current Year Premiums Earned
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003	
1. Prior											
2. 1994											0
3. 1995	XXX										0
4. 1996	XXX	XXX									0
5. 1997	XXX	XXX	XXX								0
6. 1998	XXX	XXX	XXX	XXX							0
7. 1999	XXX	XXX	XXX	XXX	XXX						0
8. 2000	XXX	XXX	XXX	XXX	XXX	XXX					0
9. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0
10. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0
11. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
13. Earned Prem. (P-Pt 1)											XXX

**NONE**

Sch. P-Pt. 6N-Sn. 1  
NONE

Sch. P-Pt. 6N-Sn. 2  
NONE

Sch. P-Pt. 6O-Sn. 1  
NONE

Sch. P-Pt. 6O-Sn. 2  
NONE

Sch. P-Pt. 6R-Sn. 1A  
NONE

Sch. P-Pt. 6R-Sn. 2A  
NONE

Sch. P-Pt. 6R-Sn. 1B  
NONE

Sch. P-Pt. 6R-Sn. 2B  
NONE

**SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS**

(\$000 Omitted)

**SECTION 1**

Schedule P - Part 1	1 Total Net Losses and Expenses Unpaid	2 Net Losses and Expenses Unpaid on Loss Sensitive Contracts	3 Loss Sensitive as Percentage of Total	4 Total Net Premiums Written	5 Net Premiums Written on Loss Sensitive Contracts	6 Loss Sensitive as Percentage of Total
1. Homeowners/farmowners.....			.00			.00
2. Private passenger auto liability/medical.....			.00			.00
3. Commercial auto/truck liability/medical.....			.00			.00
4. Workers' compensation.....			.00			.00
5. Commercial multiple peril.....			.00			.00
6. Medical malpractice - occurrence.....	8,997		.00	804		.00
7. Medical malpractice - claims-made.....	24,881		.00	4,811		.00
8. Special liability.....			.00			.00
9. Other liability - occurrence.....			.00			.00
10. Other liability - claims-made.....	4,003		.00	1,149		.00
11. Special property.....			.00			.00
12. Auto physical damage.....			.00			.00
13. Fidelity/surety.....			.00			.00
14. Other.....			.00			.00
15. International.....			.00			.00
16. Reinsurance - nonproportional assumed property.....	XXX	XXX	XXX	XXX	XXX	XXX
17. Reinsurance - nonproportional assumed liability.....	XXX	XXX	XXX	XXX	XXX	XXX
18. Reinsurance - nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX	XXX	XXX
19. Products liability - occurrence.....			.00			.00
20. Products liability - claims-made.....			.00			.00
21. Financial guaranty/mortgage guaranty.....			.00			.00
22. Totals.....	35,868	0	.00	6,584	0	.00

**SECTION 2**

Years In Which Policies Were Issued	Incurred Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**SECTION 3**

Years In Which Policies Were Issued	Bulk and Incurred But Not Reported Reserves for Losses and Defense and Cost Containment Expenses at Year End (\$000 omitted)									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**Washington Casualty Company In Rehabilitation****SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS (continued)****SECTION 4**

Years in Which Policies Were Issued	Net Earned Premiums Reported at Year End (\$000 omitted)									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX	XXX						
6. 1998.....	XXX	XXX	XXX	XXX	XXX					
7. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX				
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**NONE****SECTION 5**

Years in Which Policies Were Issued	Net Reserve for Premium Adjustments and Accrued Retrospective Premiums at Year End (\$000 omitted)									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**NONE**

**SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS**

(\$000 Omitted)

**SECTION 1**

Schedule P - Part 1	1 Total Net Losses and Expenses Unpaid	2 Net Losses and Expenses Unpaid on Loss Sensitive Contracts	3 Loss Sensitive as Percentage of Total	4 Total Net Premiums Written	5 Net Premiums Written on Loss Sensitive Contracts	6 Loss Sensitive as Percentage of Total
1. Homeowners/farmowners.....			.00			.00
2. Private passenger auto liability/medical.....			.00			.00
3. Commercial auto/truck liability/medical.....			.00			.00
4. Workers' compensation.....			.00			.00
5. Commercial multiple peril.....			.00			.00
6. Medical malpractice - occurrence.....	6,997		.00	804		.00
7. Medical malpractice - claims-made.....	24,881		.00	4,811		.00
8. Special liability.....			.00			.00
9. Other liability - occurrence.....			.00			.00
10. Other liability - claims-made.....	4,008		.00	1,149		.00
11. Special property.....			.00			.00
12. Auto physical damage.....			.00			.00
13. Fidelity/surety.....			.00			.00
14. Other.....			.00			.00
15. International.....			.00			.00
16. Reinsurance - nonproportional assumed property.....			.00			.00
17. Reinsurance - nonproportional assumed liability.....			.00			.00
18. Reinsurance - nonproportional assumed financial lines.....			.00			.00
19. Products liability - occurrence.....			.00			.00
20. Products liability - claims-made.....			.00			.00
21. Financial guaranty/mortgage guaranty.....			.00			.00
22. Totals.....	35,886	,0	.00	6,564	,0	.00

**SECTION 2**

Years in Which Policies Were Issued	Incurred Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**SECTION 3**

Years in Which Policies Were Issued	Bulk and Incurred But Not Reported Reserves for Losses and Defense and Cost Containment Expenses at Year End (\$000 omitted)									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX	XXX					
7. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX				
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS (continued)****SECTION 4**

Years in Which Policies Were Issued	Net Earned Premiums Reported At Year End (\$000 Omitted)									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**SECTION 5**

Years in Which Policies Were Issued	Net Reserves For Premium Adjustments And Accrued Retrospective Premiums At Year End (\$000 Omitted)									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**SECTION 6**

Years In Which Policies Were Issued	Incurred Admissible Commissions Reported At Year End (\$000 Omitted)									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**SECTION 7**

Years In Which Policies Were Issued	Reserves For Commission Adjustments At Year End (\$000 Omitted)									
	1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001	9 2002	10 2003
1. Prior.....										
2. 1994.....										
3. 1995.....	XXX									
4. 1996.....	XXX	XXX								
5. 1997.....	XXX	XXX	XXX							
6. 1998.....	XXX	XXX	XXX	XXX						
7. 1999.....	XXX	XXX	XXX	XXX	XXX					
8. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

Annual Statement for the year 2003 of the **Washington Casualty Company In Rehabilitation**  
**SCHEDULE P INTERROGATORIES**

1. What is the extended loss and expense reserve - direct and assumed - for the following classes? An example of an extended loss and expense reserve is the actuarial reserve for the free-tail coverage arising upon death, disability or retirement in most medical malpractice policies. Such a liability is to be reported here even if it was not reported elsewhere in Schedule P, but otherwise reported as a liability item on Page 3. Show the full reserve amount, not just the change during the current year.

Years in Which Premiums Were Earned and Losses Were Incurred	1 Medical Malpractice	2 Other Liability	3 Products Liability
1.01 Prior.....	0	.0	0
1.02 1994.....	0	.0	0
1.03 1995.....	0	.0	0
1.04 1996.....	0	.0	0
1.05 1997.....	0	.0	0
1.06 1998.....	0	.0	0
1.07 1999.....	0	.0	0
1.08 2000.....	0	.0	0
1.09 2001.....	0	.0	0
1.10 2002.....	0	.0	0
1.11 2003.....	0	.0	0
1.12 Totals.....	0	.0	0

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes  No
3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this statement? Yes  No
4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes  No   
 If Yes, proper reporting must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.  
 Schedule P must be completed gross of non-labular discounting. Work papers relating to discount calculations must be available for examination upon request.  
 Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.
5. What were the net premiums in force at the end of the year for: (in thousands of dollars)  
 5.1 Fidelity \_\_\_\_\_  
 5.2 Surety \_\_\_\_\_
6. Claim count information is reported (check one).      6.1 per claim \_\_\_\_\_  
 If not the same in all years, explain in Interrogatory 7.      6.2 per claimant \_\_\_\_\_
- 7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes which have occurred which must be considered when making such analyses? Yes  No   
 7.2 An extended statement may be attached.  
 The Company's reinsurance agreements, primarily with domestic carriers, expired June 30, 2003 and were not renewed. As of July 1, 2003, the Company commenced writing primary policies with \$1 million limits to service the hospital and facility business. The Company entered into an arrangement whereby another domestic carrier issues an excess policy for hospitals and facilities desiring coverage over \$1 million. The existing treaty remains in force for those policies written prior to July 1, 2003, and covers losses in excess of \$250,000 for Physicians and Surgeons, and losses in excess of \$500,000 for Hospitals and Facilities.  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Washington Casualty Company In Rehabilitation****SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

## Allocated by States and Territories

State, Etc.	1 Is Insurer Licensed? (YES or NO)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken			4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Pur- chasing Groups (Ind. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned							
1. Alabama.....	AL	NO.....								
2. Alaska.....	AK	NO.....								
3. Arizona.....	AZ	NO.....								
4. Arkansas.....	AR	NO.....								
5. California.....	CA	NO.....								
6. Colorado.....	CO	NO.....								
7. Connecticut.....	CT	NO.....								
8. Delaware.....	DE	NO.....								
9. District of Columbia.....	DC	NO.....								
10. Florida.....	FL	NO.....								
11. Georgia.....	GA	NO.....								
12. Hawaii.....	HI	NO.....								
13. Idaho.....	ID	YES.....	(1,091)	445,414		1,431,048	(205,652)	1,983,730		
14. Illinois.....	IL	NO.....								
15. Indiana.....	IN	NO.....								
16. Iowa.....	IA	NO.....								
17. Kansas.....	KS	NO.....								
18. Kentucky.....	KY	NO.....								
19. Louisiana.....	LA	NO.....								
20. Maine.....	ME	NO.....								
21. Maryland.....	MD	NO.....								
22. Massachusetts.....	MA	NO.....								
23. Michigan.....	MI	NO.....								
24. Minnesota.....	MN	NO.....								
25. Mississippi.....	MS	NO.....								
26. Missouri.....	MO	NO.....								
27. Montana.....	MT	YES.....				307,000	231,931	105,654		
28. Nebraska.....	NE	NO.....								
29. Nevada.....	NV	YES.....								
30. New Hampshire.....	NH	NO.....								
31. New Jersey.....	NJ	NO.....								
32. New Mexico.....	NM	NO.....								
33. New York.....	NY	NO.....								
34. North Carolina.....	NC	NO.....								
35. North Dakota.....	ND	NO.....								
36. Ohio.....	OH	NO.....								
37. Oklahoma.....	OK	NO.....								
38. Oregon.....	OR	YES.....	298,958	298,000		599,885	459,573	5,757,966		
39. Pennsylvania.....	PA	NO.....								
40. Rhode Island.....	RI	NO.....								
41. South Carolina.....	SC	NO.....								
42. South Dakota.....	SD	NO.....								
43. Tennessee.....	TN	NO.....								
44. Texas.....	TX	NO.....								
45. Utah.....	UT	NO.....								
46. Vermont.....	VT	NO.....								
47. Virginia.....	VA	NO.....								
48. Washington.....	WA	YES.....	9,590,607	12,633,383		16,449,821	107,636	39,625,159		
49. West Virginia.....	WV	NO.....								
50. Wisconsin.....	WI	NO.....								
51. Wyoming.....	WY	NO.....								
52. American Samoa.....	AS	NO.....								
53. Guam.....	GU	NO.....								
54. Puerto Rico.....	PR	NO.....								
55. US Virgin Islands.....	VI	NO.....								
56. Canada.....	CN	NO.....								
57. Aggregate Other Alien.....	DT	XXX.....	0	0	0	0	0	0	0	0
58. Totals.....		(a) 5	5,866,474	13,579,797	0	18,787,754	693,600	47,452,609	0	0

## DETAILS OF WRITE-INS

5701.....	XXX.....									
5702.....	XXX.....									
5703.....	XXX.....									
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX.....	0	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above)	XXX.....	0	0	0	0	0	0	0	0	0

Explanation of Basis of Allocation of Premiums by States, etc.  
 Premium is allocated based on the location of the provider, facility, or hospital.

(a) Insert the number of yes responses except for Canada and Other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**



**SCHEDULE Y (Continued)**

# Washington Casualty Company In Rehabilitation

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

## MARCH FILING

1. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed by March 1?
2. Will Schedule S/S (Stockholder Information Supplement) be filed with the state of domicile by March 1?
3. Will the Financial Guaranty Insurance Exhibit be filed March 1?
4. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?
5. Will an actuarial opinion be filed by March 1?
6. Will the SWO Compliance Certification be filed by March 1?
7. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?
8. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?
9. Will the Risk-Based Capital Report be filed with the NAIC by March 1?
10. Will the Risk-Based Capital Report be filed with the state of domicile, if required, by March 1?
11. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?

## RESPONSES:

YES

NO

NO

NO

YES

YES

NO

YES

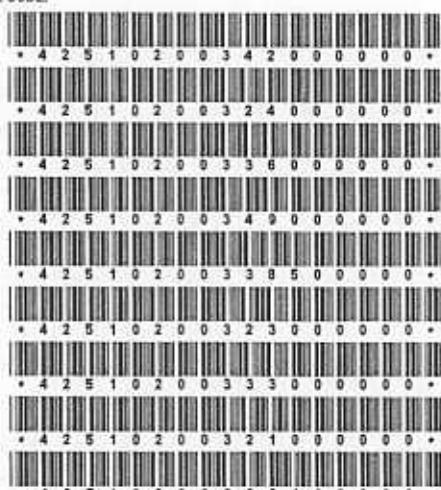
YES

YES

NO

EXPLANATION:

## BAR CODE:



Overflow Page for Write-Ins (Portrait)  
**NONE**

Overflow Page for Write-Ins (Landscape)  
**NONE**